



**SPECIAL CONCURRENT CITY COUNCIL AND HOUSING AND REDEVELOPMENT AUTHORITY MEETING
RICHFIELD MUNICIPAL CENTER, BARTHOLOMEW ROOM**

MAY 26, 2015

6:00 PM

Call to order

1. Consideration of the ranking of development proposals received for the Cedar Point Housing Redevelopment area.

Council Staff Report No. 77/HRA Staff Report No. 20

Adjournment

Auxiliary aids for individuals with disabilities are available upon request. Requests must be made at least 96 hours in advance to the City Clerk at 612-861-9738.



**REGULAR CITY COUNCIL MEETING
RICHFIELD MUNICIPAL CENTER, COUNCIL CHAMBERS
MAY 26, 2015
7:00 PM**

INTRODUCTORY PROCEEDINGS

Call to order

Open forum (15 minutes maximum)

Each speaker is to keep their comment period to three minutes to allow sufficient time for others. Comments are to be an opportunity to address the Council on items not on the agenda. Individuals who wish to address the Council must have registered prior to the meeting.

Pledge of Allegiance

Approval of the minutes of the (1) Special City Council Worksession of May 12, 2015; (2) Special Concurrent City Council and HRA Worksession of May 12, 2015; and (3) Regular City Council Meeting of May 12, 2015.

PRESENTATIONS

1. Choir concert presented by the combined STEM/RDLS fifth graders
2. Presentation and receipt of the City of Richfield Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2014.

Staff Report No. 78
3. Annual meeting with the Advisory Board of Health
4. Presentation of 2014 Food Safety Awards (Council Memo No. 36)
5. Presentation of the Richfield Tourism Promotion Board, Inc. financial report for year-end December 31, 2014 and 2013
6. Presentation of the Association of Public Management Professionals Assistant of the Year award to Richfield Assistant City Manager/HR Manager Pam Dmytrenko

COUNCIL DISCUSSION

7.
 - Cancel Tuesday, August 25 Regular City Council Meeting
 - Schedule Monday, August 24 Special City Council Meeting regarding 2015 Revised/2016 Proposed Budget
 - Hats off to Hometown Hits

AGENDA APPROVAL

8. Approval of the agenda.
9. **Consent Calendar contains several separate items, which are acted upon by the City Council in one motion. Once the Consent Calendar has been approved, the individual items and recommended actions have also been approved. No further Council action on these items is necessary. However, any Council**

Member may request that an item be removed from the Consent Calendar and placed on the regular agenda for Council discussion and action. All items listed on the Consent Calendar are recommended for approval.

- A. Consideration of the approval of a resolution authorizing the City to affirm the monetary limits on statutory municipality tort liability.

Staff Report No. 79

- B. Consideration of the approval of the setting of a public hearing to be held on June 23, 2015, for the consideration of the issuance of new On Sale Intoxicating Liquor and Sunday licenses for GM Richfield, LLC, d/b/a Four Points by Sheraton Minneapolis Airport located at 7745 Lyndale Avenue South.

Staff Report No. 80

10. Consideration of items, if any, removed from Consent Calendar

PUBLIC HEARINGS

11. Public hearing for the consideration of the issuance of new On Sale Intoxicating Liquor and Sunday licenses for Thompson's Fireside Pizza, Inc., d/b/a Fireside Pizza, located at 6736 Penn Avenue South.

Staff Report No. 81

RESOLUTIONS

12. Consideration of a resolution regarding a request for a six-month extension of land use approvals granted for 6330, 6400 and 6440 Lyndale Avenue (Lyndale Gardens).

Staff Report No. 82

OTHER BUSINESS

13. Consideration of a Metropolitan Council Livable Communities Transportation Oriented Development Grant amendment request relating to the Lyndale Gardens project.

Staff Report No. 83

CITY MANAGER'S REPORT

14. City Manager's Report

CLAIMS AND PAYROLLS

15. Claims and payrolls

Open forum (15 minutes maximum)

Each speaker is to keep their comment period to three minutes to allow sufficient time for others. Comments are to be an opportunity to address the Council on items not on the agenda. Individuals who wish to address the Council must have registered prior to the meeting.

16. Adjournment

Auxiliary aids for individuals with disabilities are available upon request. Requests must be made at least 96 hours in advance to the City Clerk at 612-861-9738.

**COUNCIL STAFF REPORT NO. 77/HRA STAFF REPORT NO. 20****CITY COUNCIL MEETING****5/26/2015**

REPORT PREPARED BY: Karen Barton, Community Development Assistant Director

DEPARTMENT DIRECTOR REVIEW: John Stark, Community Development Director
5/19/2015

OTHER DEPARTMENT REVIEW: None

CITY MANAGER REVIEW: Steven L. Devich
5/20/2015**ITEM FOR COUNCIL CONSIDERATION:****Consideration of the ranking of development proposals received for the Cedar Point Housing Redevelopment area.****EXECUTIVE SUMMARY:**

In 2004, the Cedar Point Housing area was designated by the City Council as a redevelopment project area included in the larger Cedar Corridor Redevelopment. The Cedar Point Housing area, bounded by 63rd Street to the north, 65th Street to the south, 16th Avenue to the west, and Richfield Parkway to the east is guided in the City of Richfield 2008 Comprehensive Plan for High-Density Multi-family housing, calling for a minimum of 24 units per acre. The zoning of this area was changed in 2010 to reflect this designation.

Over the past several months, a number of developers have approached the City offering development proposals for the Cedar Point Housing area. The developers were invited to present their proposals to the City Council and the Richfield Housing and Redevelopment Authority (HRA) at a work session on April 14, 2015. Given the large number of proposals, the Council and HRA directed staff to gather additional information from the developers and subsequently held a second work session on May 12, 2015 to further discuss the proposals.

At this time, the developers are eager to have the Council and HRA select a preferred developer for the project to ensure a timely commencement of the project and avoid delaying construction.

In an effort to facilitate this process, City Council members and HRA commissioners will be asked to individually rank their development proposal preferences at tonight's meeting. Staff will subsequently compile the rankings and provide the Council and HRA with a follow-up memo detailing the results.

Once a preferred developer is selected, that developer will be asked to begin the development process by commencing a comprehensive public input undertaking to refine their proposal in such a way that incorporates the community needs and desires to the fullest extent possible.

RECOMMENDED ACTION:**No Formal Action Required.****BASIS OF RECOMMENDATION:****A. HISTORICAL CONTEXT**

- The Cedar Point Housing area was designated as a redevelopment area in 2004.

- The Cedar Point Housing area is guided in the City of Richfield's 2008 Comprehensive Plan for high-density, multi-family housing at a minimum of 24 units per acre.
- The Cedar Point Housing area is currently zoned for high-density, multi-family housing.
- There have been several proposals for development of the area between 2008 and 2014.
- City Staff issued a Request for Qualifications (RFQ) in 2008 and two Request for Proposals (RFP) in 2008 and again in 2013.
- The HRA selected LaNel Financial to develop a senior housing project for the area in 2008. However, due to the economic downturn, the development did not materialize.
- In 2013, Sherman and Associates presented a proposal for the development of senior housing in the project area. However, policy makers were not interested in a senior housing development at that time.
- In 2014, Projectus International submitted a proposal for a market-rate rental housing development in the project area. Projectus later withdrew their proposal.
- In the past several months, six developers have approached the City with various development proposals for the project area.
- Letters have been sent to the neighbors across from the project area notifying them of the current proceedings.
- Community and resident feedback was solicited via Richfield Connect, the City's Website, Facebook, Twitter, and mailings. A summary of the comments received was provided to the City Council and HRA in a memo dated May 21, 2015.

B. POLICIES (resolutions, ordinances, regulations, statutes, etc):

- City of Richfield 2008 Comprehensive Plan Goals and Policies:
 - Ensure sufficient diversity in the housing stock to provide for a range of household sizes, income levels, and needs.
 - Ensure redevelopment and infill projects maintain the integrity of existing neighborhoods.
 - Maintain an appropriate mix of housing types in each neighborhood based on available amenities, transportation resources and adjacent land uses.
 - Limit redevelopment of single-family neighborhoods into other uses except where such neighborhoods are directly adjacent to commercial areas or areas adversely affected by major roadways, the airport, or other major developments.
 - Maintain a housing supply that meets changing needs while sustaining the integrity of existing neighborhoods.
 - Develop residential standards (scale, density, etc.) for redevelopment areas that creates neighborhood character.
 - Maintain and provide quality amenities and a safe living environment.
 - Maintaining a diversity of housing types and price ranges.
 - Provide housing options for all points in a person's life.

C. CRITICAL TIMING ISSUES:

- Selection of a preferred developer is critical in ensuring timely commencement of the development process and avoiding delay of construction.

D. FINANCIAL IMPACT:

- The developers have expended significant time and money preparing and presenting the preliminary proposals.
- Development of the Cedar Point Housing area will likely require the use of Tax Increment Financing.

E. LEGAL CONSIDERATION:

None.

ALTERNATIVE RECOMMENDATION(S):

None.

PRINCIPAL PARTIES EXPECTED AT MEETING:

Representatives from the six development teams.

ATTACHMENTS:

Description	Type
📎 Cedar Point II May 20, 2015 MCD	Backup Material
📎 Cedar Shores Letter to the City of Richfield	Backup Material
📎 Boisclair additional information 05202015	Backup Material
📎 Olson-Tushie Additional Information 05212015	Backup Material

CEDAR POINT II HOUSING - RICHFIELD, MN

Mesaba Capital & Trident Development

Our proposed site plan has been informed by four overarching design objectives:

1. Provide a park-like transition from existing neighborhood: **16th Avenue Park**.
2. To comply with all existing **zoning requirements** without requests for variances.
3. To enhance the community through **design excellence**.
4. To **engage the community** in the process.

16th Avenue 'Park':

- A key driver of the site concept is the 50'-0" boulevard 'park' along 16th Avenue, from back of curb. We have removed the surface parking in this area and relocated underground. The depth of this boulevard park is equal to a five story building.
- Our priority is to preserve the character of the residential neighborhood and the natural amenities of the site, including – and especially - the large, mature boulevard trees along 16th Avenue.
- The boulevard park will provide a pedestrian and bike connection to Taft Park and beyond.
- Parking surfaces will be heavily screened with beautifully landscaped berms, and not visible from the adjacent single-family properties.
- Primary vehicular access to the site is from Richfield Parkway, minimizing traffic impact to 16th Avenue and surrounding neighborhoods.

Zoning Requirements:

- Our team understands the importance of zoning regulations. We have diligently reviewed, met with City Staff, and incorporated the zoning ordinances, without future requests for variances.
- Parking - We also understand the importance of providing the required parking on site, to ensure that the surrounding neighborhoods do not feel the impact of additional street parking. We have provided parking to code. *Note: from our original site plan (April 14), we have reduce surface parking and increased underground.
 - Upscale Market Rate Apts. - 320 Stalls TOTAL (88 surface & 232 underground)
 - Assisted Living – 114 Stalls TOTAL (40 surface & 74 underground)
- Open Space and Building Lot Coverage – meets and/or exceeds the zoning ordinances.

Design Excellence:

- The vertical built elements are concentrated on the east side of the site along Richfield Pkwy, with the proposed structure set back over 100'-0" from back of curb on 16th Avenue.
- Shadows from the new construction will be cast on the development site and NOT on the existing adjacent residential neighbors.
- First floor units will be town home-style, providing pedestrian activities and entries at the ground level.
- Architecture will provide articulation and scaling elements that will address both its residential and commercial neighbors.

Engage the Community:

- We understand that **people** are the most important component of all our projects; those we work with, those who occupy the buildings, those who visit, and those who live in Richfield.
- To gain public support and help reduce potential conflicts, **citizen input** is essential. Our team has a depth of expertise in public participation. Mesaba Capital Development will host public meetings in partnership with the City of Richfield.

Assemblage of single-family homes:

- Our team has the depth of experience required to assemble the single-family homes.
- However, should there be a hold-out, we can move forward with our design with minor modifications along 16th Avenue.

LOMMEN ABDO

May 20, 2015

MN / WI / NY

Karen Barton
Community Development Assistant Director
City of Richfield
6700 Portland Avenue
Richfield, MN 55423

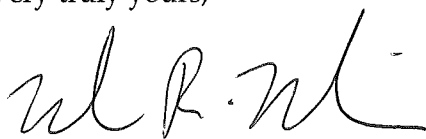
Dear Ms. Barton:

Cedar Shores Development Group thanks you for the opportunity to offer a final overview of our proposal. We will highlight its unique features and demonstrate that our proposal is the most financially feasible option and creates the most value for the City.

Driving this project is the cost of land acquisition. With an assessment in excess of \$780,000 and the cost to relocated existing homes, land acquisition will be at least \$3,750,000. This requires a careful consideration of density balancing construction costs and supportable rents. The site is suited for up to 500,000 square feet of living space. Weis Construction is confident that our design can be realized at a cost of \$115/square foot. The market will currently support market rate rent of \$1.60/square foot and affordable units at \$.095/square foot. We anticipate an initial TIF contribution of \$550,000. Current financing rates are favorable, but rates and construction costs will increase over the life of this project. Considering these parameters, the highest and best use of the property is market-based apartments with a 20% affordable component. Lower density options are simply not viable. We propose 296 units consisting of 23 studio, 100 one bedroom, 28 one bedroom plus den, 116 two bedroom and 27 three bedroom units. The average rent will be in the \$1,500 range. The revenue generated from this mix will cover the cost of development and fairly compensate the investors. This mix can be modified as residents are given the opportunity to voice their preference.

Our proposal also adds the most value to the City. The design is groundbreaking and offers the same type of urban lifestyle product in a suburban environment as is seen in the Excelsior & Grand development. Key to our proposal is an open design that incorporates amenities that are available to the neighborhood, not just the residents, building a true sense of community. The buildings are integrated into the landscape, with warm earth colors and wood siding to create a more intimate feel. Sound and light mitigation are built into the design, along with sustainable technology such as solar powered utilities, green walls, wind powered lights, rain gardens to buffer the boundary, community gardens, an art park, and an open piazza to draw neighbors into the development. We believe you will find the value offered by our proposal to be unmatched and the financial viability will ensure the project's success.

Very truly yours,



Michael R. Moline





Cedar Point II Apartments
Cedar Point II Townhomes
Richfield, MN

May 20, 2015

On behalf of the entire Development Team we want to extend our Warmest Thank You for the opportunity to submit our proposal for Cedar Point II Apartments and Cedar Point II Townhomes.

Below is additional information on our proposal since its submittal.

- Tax Increment Financing – We understand the district to be a Redevelopment District and as such affordability restrictions do not apply. It is a corporate mission to promote and include affordable housing in our developments. We strongly believe; the inclusion of mixed housing promotes economic and social integration. If deemed appropriate for Cedar Point II we would propose to include a set aside of 20/50 Area median income or 46 units.
- Project Development Plan – Our original proposal included two phases, however due to the flexibility of our site plan; would like to stress that our proposed development plan could be phased out in one, two or three phases.
- Financing – Ready for deployment to existing Lender relationships.
- Property Management – Cedar Point II will be owned and managed by Boisclair Corporation. Boisclair Corporation has been developing and managing closely held investments in real estate for the past 41 years.

Our mission is to provide residents with exemplary service in a safe, quality-driven home environment, to provide partners and clients with maximized real estate asset values and provide communities with increased tax base, ease their housing needs or add more jobs to the community. We quickly adapt to the diversity of individual investors, markets and residents through sound leadership, an unparalleled industry expertise and our unwavering commitment to service.

Cedar Point II will be a jewel in the City of Richfield given its sound leadership of the Mayor, City Council, HRA and Community Members.

Sincerely,

Lori Boisclair

Karen Barton

From: Gary Tushie <GaryT@tmiarchitects.com>
Sent: Wednesday, May 13, 2015 10:51 AM
To: John Stark; Karen Barton
Cc: 'kristilind@outlook.com'; 'Rick Fenske'
Subject: CEDAR POINT REDEVELOPMENT
Attachments: 201505131019.pdf

John/Karen;

Thank you for including our team in consideration for the redevelopment of the remaining Cedar Point site. Last night's workshop session was an interesting discussion with the 6 developers. We would like to bring your attention to some key points that were not discussed.

- 1) Senior housing with services, which is what we are proposing, not only is in strong demand by Richfield residents (see the attached article) but offers a unique opportunity to future Richfield residents by freeing up their affordable single family homes to new families and young professionals as these current older residents transition into our new building at Cedar Point.
- 2) Senior Housing with services is the lowest traffic generator, by a wide margin, of all the proposal's submitted which reduces the traffic impact to the surrounding single family neighborhood.
- 3) The special design requirements for sound mitigation on this site do not allow for individual outdoor decks or patio's. Since all of the proposals, except ours, included market rate apartments which typically have this feature. Are they aware of this requirement?
- 4) I don't think it was made clear last night that our project does include 60 memory care units which is in very high demand in Richfield, more so than market rate or affordable apartments.
- 5) It was apparent from the site plans submitted that our plan had the greatest amount of green space which is of great value to the surrounding neighborhood.
- 6) Although I am a strong proponent of affordable housing, based upon our past experience in Richfield, Richfield residents do not appear to support this kind of housing as they feel Richfield already has enough affordable housing. So proceeding with a decision on a specific proposal that includes an affordable component without sufficient public input may lead to unfavorable political issues latter in the process as they did with our previous project. I think this discussion needs to occur both internally and publically.

Once again, thank you for working with our Team on this project. We look forward to moving forward with the next phases of this process.



Gary Tushie | President

TUSHIE MONTGOMERY ARCHITECTS

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CITY COUNCIL MINUTES

Richfield, Minnesota

Special City Council Worksession

May 12 2015

CALL TO ORDER

The meeting was called to order by Mayor Goettel at 5:45 p.m. in the Bartholomew Room.

Council Members Present: Debbie Goettel, Mayor; Edwina Garcia; Pat Elliott; Michael Howard; and Tom Fitzhenry.

Staff Present: Steven L. Devich, City Manager; Karen Barton, Acting Community Development Director; and Cheryl Krumholz, Executive Coordinator.

Item # 1	DISCUSSION REGARDING THE RICHFIELD HISTORICAL SOCIETY FUNDING REQUEST (COUNCIL MEMO NO. 35)
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City Manager Devich explained the local Historical Society's request for funding and the City's limitations of funding for on-going operations, which was supported by the opinions of the City Attorney and the State Auditors.

The City Council consensus was for staff to assist the Historical Society in seeking another funding source because the City is unable to provide on-going funding.

ADJOURNMENT

The meeting was adjourned by unanimous consent at 5:55 p.m.

Date Approved: May 26, 2015

Debbie Goettel
Mayor

Cheryl Krumholz
Executive Coordinator

Steven L. Devich
City Manager



CITY COUNCIL MINUTES

Richfield, Minnesota

Special Concurrent City Council and Housing and Redevelopment Authority Worksession

May 12, 2015

CALL TO ORDER

The meeting was called to order by Mayor Goettel at 6:00 p.m. in the Bartholomew Room.

*Council Members
Present:*

Debbie Goettel, Mayor; Pat Elliott; Michael Howard; Edwina Garcia; and Tom Fitzhenry.

*HRA Members
Present:*

Mary Supple, HRA Chair, Pat Elliott; Debbie Goettel; Doris Rubenstein; and David Gepner.

Staff Present:

Steven L. Devich, City Manager/HRA Executive Director; John Stark, Community Development Director; Karen Barton, Assistant Community Development Director; Pam Dmytrenko, Assistant City Manager/HR Manager; and Cheryl Krumholz, Executive Coordinator.

Item #1	DISCUSSION REGARDING CEDAR POINT II HOUSING REDEVELOPMENT AREA PROPOSALS (COUNCIL MEMO NO. 35/HRA MEMO NO. 17)
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City Manager/HRA Executive Director Devich explained six development teams presented preliminary proposals for the development of the Cedar Point housing area at a previous worksession. The City Council and HRA requested additional time to review the proposals and directed staff to gather and provide additional information from the developers.

Assistant Community Development Director Barton stated a summary of the six proposals, including the additional information requested, was provided to the City Council and HRA prior to tonight's worksession.

Community Development Director Stark discussed the Richfield Connect feedback which would be summarized and provided to the City Council and HRA at the end of the posting.

Mr. Stark continued that the Public Works Department has no significant concerns regarding infrastructure or traffic impacts related to the proposed density. The question is the neighborhood tolerance for the development. He added that the TIF analysis would be determined when the number of developers is reduced and there would be a financing mechanism with benchmarks to ensure the project was progressing. He also discussed the market rate analysis which indicated a desire for studio living.

Mr. Stark provided an update on the TIF extension legislation for this area.

Each developer discussed their project's proposed plan highlights and modifications, if any, from the initial presentation.

Mayor Goettel asked about the neighborhood feedback process.

Ms. Barton explained the homeowners on both sides of 16th Avenue were sent letters informing them of the process. She said the development teams selected to proceed will meet with the neighborhood.

Council Member Fitzhenry stated the concerns he has received regarding the project include sustainability, maintaining the texture of the neighborhood, not all brick, owner occupied, and that it not be monolith apartments.

Council Member Howard concurred with Council Member Fitzhenry and added additional comments he received included the project not be large buildings with large parking lots.

City Manager/Executive Director Devich stated the next step was to have a Special Concurrent City Council and HRA Meeting on May 26 for a final discussion and a ranking of developers.

Council Member Fitzhenry requested an open house be held so all six proposals could be reviewed to get feedback.

The City Council and HRA consensus was to conduct an open house after the ranking of the development proposals.

ADJOURNMENT

The worksession was adjourned by unanimous consent at 7:00 p.m.

Date Approved: May 26, 2015.

Mayor Goettel
Mayor

Cheryl Krumholz
Executive Coordinator

Steven L. Devich
City Manager



CITY COUNCIL MEETING MINUTES

Richfield, Minnesota

Regular Meeting

May 12, 2015

CALL TO ORDER

The meeting was called to order by Mayor Goettel at 7:15 p.m. in the Council Chambers.

Council Members Present:

Debbie Goettel, Mayor; Michael Howard; Pat Elliott; Edwina Garcia; and Tom Fitzhenry.

Staff Present:

Steven L. Devich, City Manager; Kristin Asher, Acting Public Works Director; Jay Henthorne, Public Safety Director/Police Chief; Jim Topitzhofer, Recreation Services Director; Wayne Kewitsch, Fire Services Director/Fire Chief; Bill Fillmore, Liquor Operations Director; Chris Regis, Finance Manager; Robert Hintgen, Utilities Superintendent; Mary Tietjen, City Attorney; and Cheryl Krumholz, Executive Coordinator.

OPEN FORUM

Susan Rosenberg, 6633 Thomas Avenue, announced the Garden Club plant sale at the Richfield Historical Society on May 16, 2015.

PLEDGE OF ALLEGIANCE

Mayor Goettel led the audience in the Pledge of Allegiance.

APPROVAL OF MINUTES

M/Fitzhenry, S/Elliott to approve the minutes of the (1) Special City Council Meeting of April 28, 2015; (2) Special City Council Worksession of April 28, 2015; and (3) Regular City Council Meeting of April 28, 2015.

Motion carried 5-0.

Item #1	PRESENTATION OF CERTIFICATES OF APPRECIATION TO MISS RICHFIELD AMBASSADORS (COUNCIL MEMO NO. 32)
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Mayor Goettel presented the certificates.

Item #2	PRESENTATION AND CONSIDERATION OF A RESOLUTION AUTHORIZING THE ACCEPTANCE OF A GRANT RECEIVED BY THE RICHFIELD FIRE DEPARTMENT FROM THE FIREHOUSE SUBS PUBLIC SAFETY FOUNDATION AND TO AUTHORIZE RECEIPT OF THE TRAINING EQUIPMENT TO BE UTILIZED BY THE FIRE DEPARTMENT S.R. NO. 67
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Council Member Garcia presented Staff Report No. 67.

M/Garcia, S/Howard that the following resolution be adopted and that it be made part of these minutes:

RESOLUTION NO. 11079

RESOLUTION AUTHORIZING ACCEPTANCE OF A GRANT RECEIVED BY THE CITY OF
RICHFIELD FIRE DEPARTMENT FROM
FIREHOUSE SUBS PUBLIC SAFETY FOUNDATION

Motion carried 5-0. This resolution appears as Resolution No. 11079.

Item #3	PRESENTATION BY CENTERPOINT ENERGY ON RICHFIELD SERVICE REPLACEMENTS AND YARD RESTORATION
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CenterPoint representatives made the presentation.

Item #4	PRESENTATION REGARDING NATIONAL PUBLIC WORKS WEEK
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Acting Public Works Director Asher presented a video featuring the Richfield Water Plant.

Item #5	PRESENTATION OF THE RICHFIELD TOURISM PROMOTION BOARD, INC. FINANCIAL REPORT FOR YEAR-END DECEMBER 31, 2014 AND 2013
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This item was postponed to the May 26, 2015 City Council meeting.

Item #6	PRESENTATION OF MINNESOTA CERTIFIED CLERK CERTIFICATE FROM MINNESOTA CLERKS AND FINANCE OFFICERS ASSOCIATION TO RICHFIELD DEPUTY CITY CLERK THERESA SCHYMA
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Council Member Garcia presented the certificate to Ms. Schyma.

Item #7	COUNCIL DISCUSSION <ul style="list-style-type: none">Hats Off to Hometown Hits
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Council Member Fitzhenry announced National Police Week.

Council Member Fitzhenry announced the Memorial Day events at Veterans Memorial Park on May 25, 2015.

Council Member Howard stated the City Council is seeking public feedback on the Cedar Point II Housing Redevelopment Area proposals.

Recreation Services Director Topitzhofer announced the Richfield All-City Garage Sale on May 14-16 and the Farmers Market opening on May 16.

Council Member Garcia announced Flex Academy is having an informational session for parents and students at the Wood Lake Nature Center on May 14 and May 28.

Council Member Garcia announced the May 16 Human Trafficking forum sponsored by the Richfield Human Rights Commission and League of Women Voters.

Mayor Goettel encouraged people to volunteer to assist with Fourth of July activities.

Item #8	COUNCIL APPROVAL OF AGENDA
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M/Fitzhenry, S/Garcia to approve the agenda.

Motion carried 5-0.

Item #9	CONSENT CALENDAR
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- A. Consideration of the approval of the purchase of a point of sale and inventory tracking system from Retail Information technology Enterprises (RITE) for a one-time sum of \$53,236.76 and a first year estimated annual maintenance cost of \$9,322.71 for the four municipal liquor stores S.R. No. 68
- B. Consideration of the approval of a resolution authorizing acceptance of Office of Traffic Safety (OTS) funds for a four-year grant to fully fund an officer and fully equipped squad car dedicated for DWI enforcement in Richfield S.R. No. 69

RESOLUTION NO. 11080

RESOLUTION AUTHORIZING THE DEPARTMENT OF PUBLIC SAFETY/POLICE TO ACCEPT GRANT MONIES FROM THE OFFICE OF TRANSPORTATION SAFETY IN THE AMOUNT OF \$171,750 OR A LESSER AMOUNT, AS AWARDED BY THE DEPARTMENT OF PUBLIC SAFETY, TO FUND A POLICE OFFICER AND FULLY EQUIPPED SQUAD DEDICATED TO DWI ENFORCEMENT FOR FOUR YEARS

This resolution appears as Resolution No. 11080.

- C. Consideration of the approval of a resolution authorizing the Richfield HRA to reduce the original tax capacity of the Gramercy Park Cooperative Tax Increment District due to Homestead Market Value Exclusion S.R. No. 70

RESOLUTION NO. 11081

RESOLUTION AUTHORIZING THE RICHFIELD HOUSING AND REDEVELOPMENT AUTHORITY TO ELECT TO REDUCE ORIGINAL TAX CAPACITY OF GRAMERCY PARK COOPERATIVE TAX INCREMENT DISTRICT DUE TO HOMESTEAD MARKET VALUE EXCLUSION

This resolution appears as Resolution No. 11081.

- D. Consideration of the approval of a resolution authorizing the Richfield HRA to reduce the original tax capacity of the Lyndale Gateway, LLC Tax Increment District due to Homestead Market Value Exclusion S.R. No.71

RESOLUTION NO. 11082

RESOLUTION AUTHORIZING THE RICHFIELD HOUSING AND REDEVELOPMENT AUTHORITY TO ELECT TO REDUCE ORIGINAL TAX CAPACITY OF LYNDAL GATEWAY, LLC TAX INCREMENT DISTRICT DUE TO HOMESTEAD MARKET VALUE EXCLUSION

This resolution appears as Resolution No. 11082.

- E. Consideration of the approval of a resolution authorizing acceptance of grants received by Richfield Recreation Services Department from Hennepin County for youth sports equipment and to authorize the Recreation Services Director to execute the associated grant agreements S.R. No. 72

RESOLUTION NO. 11083

RESOLUTION AUTHORIZING ACCEPTANCE OF GRANTS RECEIVED BY THE CITY OF RICHFIELD-RECREATION SERVICES DEPARTMENT AND TO AUTHORIZE THE CITY TO ADMINISTER THE FUNDS IN ACCORDANCE WITH GRANT AGREEMENTS AND TERMS PRESCRIBED BY DONORS

This resolution appears as Resolution No. 11083.

- F. Consideration of the approval of the following related to the Penn Avenue Tower Reconditioning project:
- Accept the bid minutes/tabulation and award a contract for the Penn Avenue Tower Reconditioning project to TMI Coatings, Inc. in the amount of \$992,450.00;
 - Authorize the City Manager to approve contract changes under \$100,000 without further City Council action S.R. No. 73
- G. Consideration of the approval of a resolution authorizing directing parallel utility undergrounding within the project limits of the Portland Avenue Reconstruction project (67th Street to 77th Street) S.R. No. 74

RESOLUTION NO. 11084

RESOLUTION DIRECTING XCEL ENERGY TO UNDERGROUND OVERHEAD UTILITIES ALONG PORTLAND AVENUE BETWEEN 67TH STREET AND 70TH STREET

This resolution appears as Resolution No. 11084.

M/Goettel, S/Elliott to approve the Consent Calendar.

Motion carried 5-0.

Item #10	CONSIDERATION OF ITEMS, IF ANY, REMOVED FROM THE CONSENT CALENDAR
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None.

Item #11	PUBLIC HEARING REGARDING THE CONSIDERATION OF THE CABLE COMMUNICATIONS FRANCHISE APPLICATION OF CENTURY LINK TO PROVIDE SERVICE TO THE CITY OF RICHFIELD S.R. NO. 75
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Council Member Elliott presented Staff Report No. 75.

Brian Grogan, Southwest Suburban Cable Commission attorney, explained the application and the process that follows the ultimate decision to grant or deny a franchise. The final City Council action on the franchise agreement is expected to occur in early summer.

Tyler Middleton and Patrick Haggerty, Century Link representatives, discussed the PRISM technical, operational and financial elements of the application and the legal aspects of the federal and state law contradictions.

M/Goettel, S/Fitzhenry to close the public hearing.

Motion carried 5-0.

Item #12	CONSIDERATION OF A RESOLUTION AWARDING THE SALE OF \$9,435,000 GENERAL OBLIGATION STREET RECONSTRUCTION BONDS, SERIES 2015A S.R. NO. 76
-----------------	--

Council Member Fitzhenry presented Staff Report No. 76.

Brian Reilly, Ehlers and Associates, explained the bond sale report, including the award of sale to Piper Jaffray & Co., in the amount of \$9.1 million.

M/Fitzhenry, S/Howard that the following resolution be adopted and that it be made part of these minutes:

RESOLUTION NO. 11085

RESOLUTION AWARDING THE SALE OF GENERAL OBLIGATION STREET RECONSTRUCTION BONDS, SERIES 2015A, IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$9,435,000; FIXING THEIR FORM AND SPECIFICATIONS; DIRECTING THEIR EXECUTION AND DELIVERY; AND PROVIDING FOR THEIR PAYMENT

Motion carried 5-0. This resolution appears as Resolution No. 11085.

Item #13	CITY MANAGER'S REPORT
-----------------	------------------------------

None.

Item #14	CLAIMS AND PAYROLLS
-----------------	----------------------------

M/Garcia, S/Elliott that the following claims and payrolls be approved:

U.S. Bank		05/12/15
A/P Checks: 240359-240779	\$	1,931,433.29
Payroll: 109933-110247, 42431	\$	564,782.16
TOTAL	\$	2,496,215.45

Motion carried 5-0.

OPEN FORUM

None.

ADJOURNMENT

The City Council Meeting was adjourned by unanimous consent at 8:35 p.m.

Date Approved: May 26, 2015

Debbie Goettel
Mayor

Cheryl Krumholz
Executive Coordinator

Steven L. Devich
City Manager



AGENDA SECTION:

PRESENTATIONS

AGENDA ITEM #

2.

STAFF REPORT NO. 78
CITY COUNCIL MEETING
5/26/2015

REPORT PREPARED BY: Chris Regis, Finance Manager

DEPARTMENT DIRECTOR REVIEW: Steven L. Devich, Administrative Services Director
5/20/2015

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich
5/20/2015

ITEM FOR COUNCIL CONSIDERATION:

Presentation and receipt of the City of Richfield Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2014.

EXECUTIVE SUMMARY:

As required by state law all general purpose local governments must be audited in accordance with U.S. generally accepted auditing standards by a firm of licensed certified public accountants.

In addition, state law also requires that local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformance with U.S. generally accepted accounting standards.

Accordingly, the City's auditing firm, KDV, has completed the annual audit of the City's financial records and has issued an unqualified opinion on those records for the fiscal year ended December 31, 2014.

In addition, the financial statements will be published locally and submitted to the State of Minnesota and the Government Finance Officers Association.

Therefore, staff presents to the City Council, the Comprehensive Annual Financial Report (CAFR) for fiscal year ended December 31, 2014.

RECOMMENDED ACTION:

By Motion: Accept the Comprehensive Annual Financial Report of the City for the year ended December 31, 2014.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- The City's auditing firm, KDV, has completed the annual audit of the City's financial records for the fiscal year ended December 31, 2014.
- As part of the audit, KDV has issued an unqualified opinion on the City's financial statements for the year ending December 31, 2014.
- A representative of KDV will be present at the tonight's Council meeting to make a brief presentation on the 2014 financial information and answer questions.

- In addition, the CAFR will be submitted to the State of Minnesota pursuant to State law and to the Government Finance Officers Association for the Certificate of Achievement for Excellence in Financial Reporting program.

B. POLICIES (resolutions, ordinances, regulations, statutes, etc):

- Action to be taken at the May 26, 2015 City Council meeting is the official receipt of the December 31, 2014 City of Richfield Comprehensive Annual Financial Report by the City Council.
- The City's auditor has performed an audit of the City's financial records for the year ended December 31, 2014 and prepared reports to the City Council concerning legal compliance and internal controls.

C. CRITICAL TIMING ISSUES:

- Action on this item is requested at the May 26, 2015 City Council meeting.

D. FINANCIAL IMPACT:

None.

E. LEGAL CONSIDERATION:

- The CAFR will be submitted to the State of Minnesota, pursuant to State law.
- The CAFR will be published in the Sun Current the week of June 1, 2015.

ALTERNATIVE RECOMMENDATION(S):

- The City Council could ask the auditors for further explanations of their findings at a future Study Session.

PRINCIPAL PARTIES EXPECTED AT MEETING:

- Matthew Mayer, CPA, KDV

ATTACHMENTS:

Description	Type
☐ Council Memo No. 37	Backup Material

CITY OF RICHFIELD, MINNESOTA
Office of City Manager

May 21, 2015

Council Memorandum No. 37

The Honorable Mayor
and
Members of the City Council

Subject: 2014 Comprehensive Annual Financial Report

Council Members:

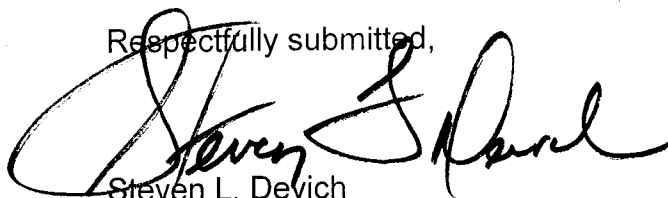
At the May 26, 2015 City Council meeting, Matthew Mayer, a representative of the City's audit firm KDV, will make a presentation on the 2014 Audit and the 2014 Comprehensive Annual Financial Report (CAFR). Included in your packet for the May 26, 2015 meeting will be two reports; the 2014 Schedule of Expenditures of Federal Awards and Independent Auditor's Reports and the 2014 Communications Letter.

In addition, City Council member will be receiving the 2014 City Comprehensive Annual Financial Report (CAFR), and the 2014 Housing and Redevelopment Authority CAFR through an email to your individual email account.

Mr. Mayer's presentation will concentrate on information contained in the 2014 Communications Letter; however he will touch briefly on the 2014 Schedule of Expenditures of Federal Awards and Independent Auditor's Reports. Consequently, Council may find it helpful to bring both of the reports to the meeting to have as a reference to Mr. Mayer's presentation.

Finally, subsequent to Mr. Mayer's presentation, the City Council will be asked to formally accept the Comprehensive Annual Financial Report (CAFR) for the year ended 2014.

Respectfully submitted,



Steven L. Devich
City Manager

SLD:CR

Attachments:

Email: Department Directors w/o attachments
Finance Manager w/o attachment
Assistant City Manager w/o attachments



**City of Richfield,
Minnesota**

**Comprehensive Annual
Financial Report
For the year ended Dec. 31, 2014**

**City of Richfield 6700 Portland Avenue Richfield, MN 55423
612-861-9700 www.cityofrichfield.org**

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT

OF THE

CITY OF RICHFIELD, MINNESOTA**



**For The

Year Ended

DECEMBER 31, 2014**

DEPARTMENT OF FINANCE

**Christopher T. Regis, Finance Manager
Member of Government Finance Officers Association
of the United States and Canada**

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I. INTRODUCTORY SECTION

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May 5, 2015

The Honorable Mayor and
Members of the City Council,
City of Richfield, Minnesota

MAYOR

DEBBIE GOETTEL

CITY COUNCIL

PAT ELLIOTT

TOM FITZHENRY

EDWINA GARCIA

MICHAEL HOWARD

CITY MANAGER

STEVEN L. DEVICH

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformance with U.S. generally accepted accounting principles (GAAP) and audited in accordance with U.S. generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Richfield for the fiscal year ended December 31, 2014.

This report consists of management's representations concerning the finances of the City of Richfield. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Richfield has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, misuse and to compile sufficient reliable information for the preparation of the City of Richfield's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Richfield's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Richfield's financial statements have been audited by KDV, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Richfield for the fiscal year ended December 31, 2014, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Richfield's financial statements for the fiscal year ended December 31, 2014, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Richfield was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. Those reports are available in the City of Richfield's separately issued Special Purpose Audit Reports.

The Urban Hometown

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Richfield's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City was incorporated on February 26, 1908. Since 1964, the City has operated under a council/manager form of government, as authorized by its charter, and exists under the laws of the State of Minnesota.

The City has a population of 36,041 (2013 Metropolitan Council Estimate) and covers an area of approximately seven square miles. Located in Hennepin County, Richfield is the first suburb south of Minneapolis. Richfield is bordered on the north by the Crosstown Highway 62; bordered on the east by the Minneapolis-St. Paul International Airport; bordered on the south by Interstate 494; and bordered on the west by Xerxes Avenue and the City of Edina. In addition, Interstate 35W, the major north/south thoroughfare in the Twin City area, runs north/south through the middle of Richfield.

The City of Richfield provides a full range of services, including police and fire protection; the construction and maintenance of streets and other infrastructure; and recreational activities and cultural events. The City of Richfield also operates four municipal liquor stores, water and sewer utility, storm water utility, a two sheet ice arena, a municipal swimming pool and a mini golf course.

The annual budget serves as the foundation for the City of Richfield's financial planning and control. All departments of the City are required to submit requests for appropriation to the City Manager. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the City Council for review prior to September 15. The Council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than the last date established by law for the County Auditor to levy taxes. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund this comparison is presented in the Required Supplementary Information section. For nonmajor governmental funds with appropriated annual budgets, this comparison is presented in the combining and individual fund statements and schedules.

Factors Affecting Financial Condition

Richfield was initially developed as a residential community. Residents of Richfield generally work at the adjacent airport, in the downtown Minneapolis-St. Paul area or on the I-494 strip. Richfield's commercial/industrial base is comparatively small when looking at other Twin City metropolitan area communities. In fact, when viewing the total estimated market value of the community, approximately 67% of the market value is comprised of residential properties, 11% apartments, and only 22% commercial/industrial property. Changes in the state's tax policy have indicated for some time a need for a more diversified tax base, including more commercial development.

Richfield has responded to this by encouraging commercial development within the City. However, over 99% of the land area in Richfield is already developed. Commercial development in Richfield is a more complex process that requires extensive redevelopment and often the use of tax increment financing assistance.

Since 1975, the City has created twenty-three tax increment districts. These tax increment districts were formed in order to help transform areas which are becoming market obsolete into a more vital commercial tax base. The City has transformed itself as a result of this redevelopment which includes the development of a corporate headquarters of a Fortune 500 company within the City. Consequently, as the tax increment districts decertify, the City will realize the full market value benefit of these districts. The City has had one district decertified in 2002, a second district decertified in 2010, with a third district decertified in 2012.

In addition to the City's efforts in commercial redevelopment, several housing programs have been established to encourage reinvestment in the City's housing stock. The City enjoys an AA+ bond rating and an Aa2 bond rating from Standard and Poor's and Moody's respectively.

Long-term financial planning

The Metropolitan Council requires all cities in the seven-county metropolitan area to have a Comprehensive Plan and State law requires cities to update their plans every 10 years. The Comprehensive Plan guides development and redevelopment and addresses changes likely to occur due to various social and market forces. The City of Richfield's Comprehensive Plan has been recently updated and approved by the City Council in 2010.

In addition, the City on an annual basis engages in long-term financial and capital planning. The objective of this process is to provide a framework for decision making required to identify and implement strategies that will assure long-term community viability. Accordingly, outcomes of the process include promotion of long-term community affordability and livability, reinvesting in the City's housing stock to position the City to compete with other communities, addressing transportation impacts within the City, establish a financial framework to maintain and replace the City's physical and technical infrastructure, and review options and opportunities to improve delivery of City services.

Relevant financial policies

The City has adopted a set of financial management policies that focus on such areas as capital budgeting, revenue policies, debt management, general fund balances, cash and investments, risk management and operating budgets.

The City has established a fund balance policy for the general fund with a goal of maintaining an unassigned fund balance of 40% of general fund revenues. At the end of 2014, the unassigned fund balance of the general fund is at 41% of general fund revenues.

Major Initiatives

Major initiatives in 2014 included the following:

Right Of Way Improvements:

- During 2013 the City began to acquire right of way and begin road reconstruction as part of the Richfield Parkway Projects. This project is broken into two components. The First component is Taft Lake/North Richfield Parkway, which includes the creation of a storm water pre-treatment facility for Taft Lake and the construction of roadway on the south side of Taft Park. The second component is the reconstruction of Richfield Parkway north of 66th Street to 65th Street. Work continued on both components in 2014 with construction completion planned for summer of 2015 for both projects. Total cost incurred to date is \$6,953,890. The funding for the projects will come from the issuance of the series 2013 A & B bonds, municipal state aid, county funds, and utility funds.

Public Facilities

- The City completed the construction of a new locker room at the City's Ice Arena facility. The total cost incurred for the new locker room was \$641,454.

Commercial Redevelopment and Housing Initiatives

- The market for commercial development and redevelopment continued to see improvement in 2014. A number of redevelopment initiatives were completed and several were begun in 2014, including the construction of the Lakewinds grocery store on the former Lyndale Gardens site; the substantial renovation and remodeling of the Richfield Municipal Liquor store at 65th and Lyndale; the

completion of the Richfield-Bloomington Mitsubishi dealership (401 W .78th Street); the development of LaMettry's Auto Body (301 W. 77th Street) and the construction of the second phase of the Lyndale Station development, which consists of the addition of a 9,000 square foot, free-standing building at the Northeast corner of 66th and Lyndale to be completed in 2015. Work also continues on the redevelopment of the Richfield-Bloomington Honda car dealership (400 W 78th Street), with an anticipated completion date in 2015.

- To complement the commercial redevelopment, the City has established several programs that encourage reinvestment in the City's housing stock. These programs include but are not limited to, incentive loan programs for remodeling homes to higher values, funding assistance for the replacement of small substandard homes with larger new-construction, and a program to provide home ownership opportunities for low- to moderate-income households working with non-profit builders and developers like Habitat for Humanity.
- The City has also began several new programs in 2014, including the Penn Avenue Streetscape Improvement Program, the rental-conversion program, and the implementation of way-finding signage in the Lakes at Lyndale downtown area.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement in Financial Reporting to the City of Richfield, Minnesota for its comprehensive annual financial report for the fiscal year ended December 31, 2014. This was the twenty-eighth consecutive year that the City has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

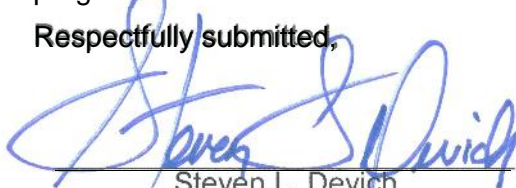
In addition, the City also received the GFOA's award for Distinguished Budget Presentation for its annual budget for the fiscal year beginning January 1, 2014.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications medium.

The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we have submitted to GFOA the report to determine its eligibility for another award.

The preparation of this report could not be accomplished without the efficient and dedicated services of the entire staff of the finance division. We express our appreciation to all members of the division who assisted and contributed to its preparation. We also thank the Mayor and members of the City Council for their interest and support in planning and conducting the financial operations for the City of Richfield in a responsible and progressive manner.

Respectfully submitted,


Steven L. Devich
City Manager


Chris Regis
Finance Manager



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Richfield
Minnesota**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

A handwritten signature in black ink, reading "Jeffrey R. Enen". The signature is written in a cursive, flowing style.

Executive Director/CEO

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**CITY OF RICHFIELD, MINNESOTA
CITY OFFICIALS**

MAYOR - DEBBIE GOETTEL

COUNCILMEMBER - MICHAEL HOWARD

COUNCILMEMBER - EDWINA GARCIA

COUNCILMEMBER - TOM FITZHENRY

COUNCILMEMBER - PAT ELLIOTT

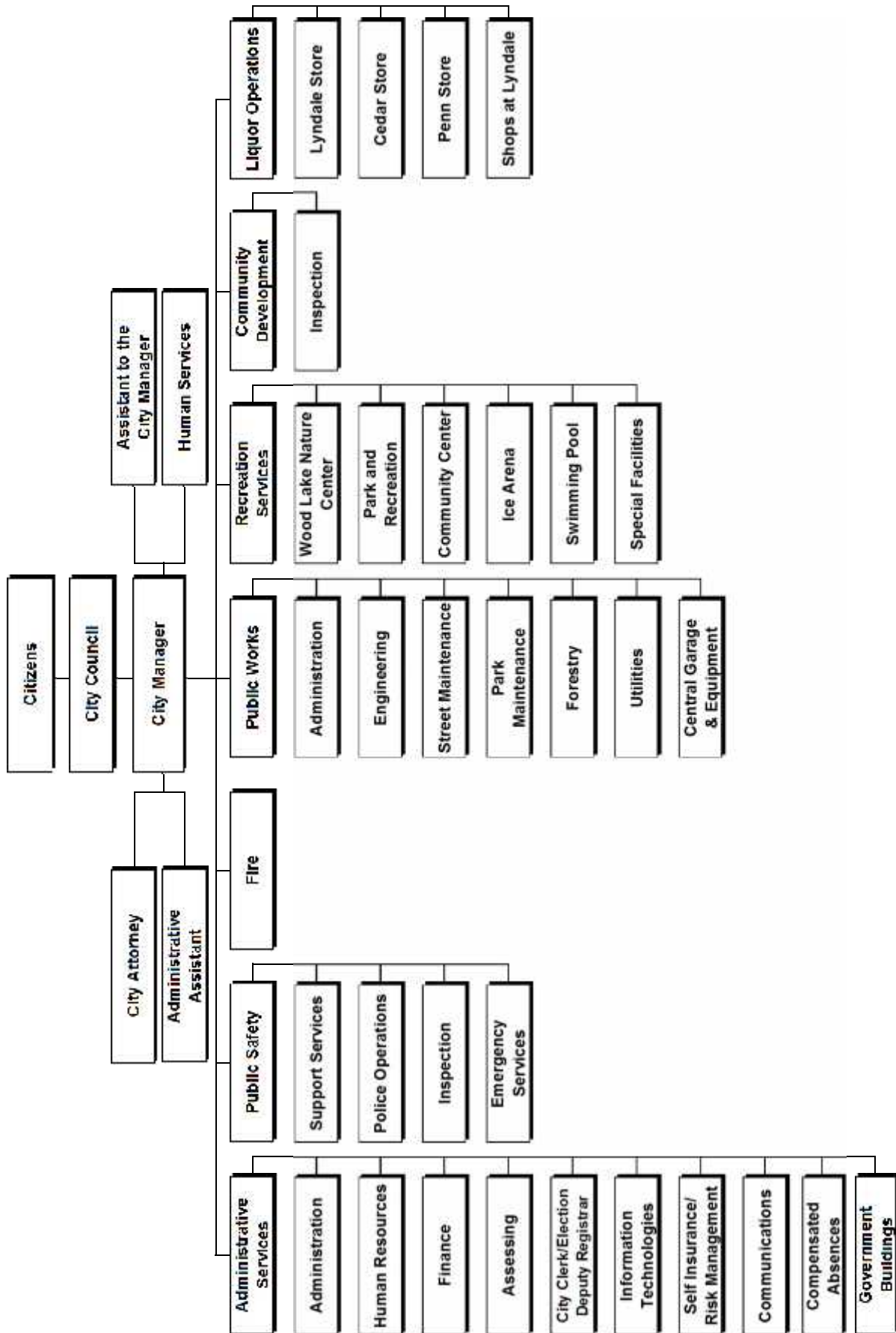
ADMINISTRATIVE STAFF

STEVEN L. DEVICH - CITY MANAGER

CHRISTOPHER T. REGIS - FINANCE MANAGER

ELIZABETH VANHOOSE - CITY CLERK

CITY OF RICHFIELD ADMINISTRATIVE ORGANIZATION CHART



II. FINANCIAL SECTION

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Expert advice. When you need it.SM

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the City Council
City of Richfield
Richfield, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Richfield, Minnesota, as of and for the year ended December 31, 2014, and the related Notes to the Financial Statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Expert advice. When you need it.SM

Certified Public Accountants
Wealth Management
Payroll Services
Business Valuations
Technology Services

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Technology Help Desk
866.400.6426



Opinions

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Richfield, Minnesota, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, which follows this report letter and the Budgetary Comparison Schedule for the General Fund, the Ice Arena Fund and the Swimming Pool Fund as well as the Schedule of Funding Progress – Other Post Employment Benefit Plan as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Richfield's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, supplementary financial information and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and supplementary financial information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and supplementary financial information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.



Report on Summarized Comparative Information

We have previously audited the City's 2013 financial statements and our report, dated May 6, 2014, expressed unmodified opinions on the respective financial statements of the governmental activities, business type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2015 on our consideration of the City of Richfield's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Richfield's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Kern DeWenter, Viero Ltd".

KERN, DEWENTER, VIERE, LTD.
Minneapolis, Minnesota
May 5, 2015

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Management's Discussion and Analysis

As management of the City of Richfield, we offer readers of the City of Richfield's financial statements this narrative overview and analysis of the financial activities of the City of Richfield for the fiscal year ended December 31, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 3 through 6 of this report.

Financial Highlights

- The assets of the City of Richfield exceeded its liabilities at the close of the most recent fiscal year by \$97,887,058 (net position). Of this amount, \$26,288,543 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$2,732,322.
- As of the close of the current fiscal year, the City of Richfield's governmental funds reported combined ending fund balances of \$21,449,938. Of this total amount, \$90,571 is classified as nonspendable, \$3,477,447 as restricted, \$7,409,218 as committed by City Council action, \$7,385,044 as assigned and \$3,087,658 as unassigned.
- At the end of the current fiscal year, the general fund balance of \$8,497,912 included \$83,241 as nonspendable and \$8,414,671 as unassigned.
- The City of Richfield's total bonded debt decreased by \$3,307,800 (7.21 percent) during the current fiscal year from \$45,853,957 to \$42,546,157.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Richfield's basic financial statements. The City of Richfield's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Richfield's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City of Richfield's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Richfield is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Richfield that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Richfield include general government, public safety, fire, community development, public works, and parks and recreation. The business-type activities of the City of Richfield include a municipal liquor operation, water and sewer utility, a storm sewer utility, and a recreation enterprise fund.

The government-wide financial statements include not only the City of Richfield itself (known as the *primary government*), but also the Richfield Housing and Redevelopment Authority, a discretely presented component unit. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Richfield, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Richfield can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Richfield maintains twenty one individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, ice arena fund, swimming pool fund, improvement bonds fund, and the capital improvements fund, all of which are considered to be major funds. Data from the other sixteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Richfield adopts an annual appropriated budget for its general and special revenue funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with this budget.

Proprietary funds. The City of Richfield maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Richfield uses enterprise funds to account for its liquor operation, water and sewer utility, storm sewer utility, and for its recreation fund, all of which are considered to be major funds of the City. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Richfield's various functions. The City of Richfield uses internal service funds to account for its central garage & equipment, for its information technology systems, its self insurance program, its building services function, and its compensated absences liability. Because all of these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City of Richfield's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. Required supplementary information can be found following the Notes to the Financial Statements.

The combining statements referred to earlier in connection with nonmajor governmental funds, internal service funds and fiduciary funds are presented immediately following the required supplementary information.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Richfield, assets exceeded liabilities by \$97,887,058 at the close of the most recent fiscal year.

By far the largest portion of the City of Richfield's net position (69 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City of Richfield uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Richfield's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF RICHFIELD'S NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$35,553,654	\$39,178,607	\$10,940,669	\$7,554,140	\$46,494,323	\$46,732,747
Capital assets	78,328,489	73,775,701	24,077,290	29,408,739	102,405,779	103,184,440
Total assets	113,882,143	112,954,308	35,017,959	36,962,879	148,900,102	149,917,187
Long-term liabilities outstanding	36,352,963	38,209,264	10,745,217	12,095,005	47,098,180	50,304,269
Other liabilities	2,766,220	2,966,290	1,148,644	1,491,892	3,914,864	4,458,182
Total liabilities	39,119,183	41,175,554	11,893,861	13,586,897	51,013,044	54,762,451
Net position:						
Net investment in capital assets	53,868,489	48,633,166	14,105,007	19,212,879	67,973,496	67,846,045
Restricted	3,625,019	2,824,310	-	272,507	3,625,019	3,096,817
Unrestricted	17,269,452	20,321,278	9,019,091	3,890,596	26,288,543	24,211,874
Total net position	\$74,762,960	\$71,778,754	\$23,124,098	\$23,375,982	\$97,887,058	\$95,154,736

An additional portion of the City of Richfield's net position represents resources that are subject to external restrictions on how they may be used. At December 31, 2014, the City had restricted net position of \$3,625,019. The remaining balance of *unrestricted net position* (\$26,288,543) may be used to meet the government's ongoing obligations to citizens and creditors.

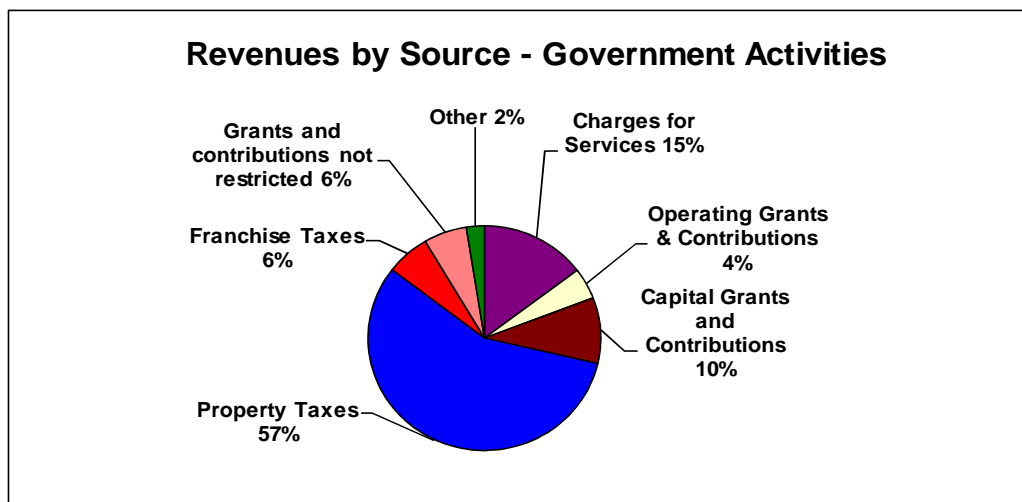
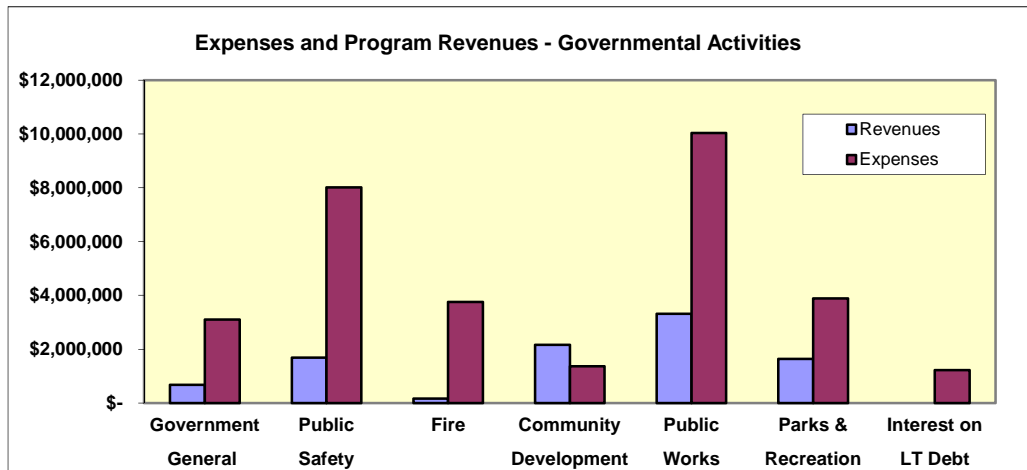
The government's net position increased by \$2,732,322, compared to a decrease of \$461,818 in 2013. The increase can be attributed to a combination of an increase in charges for service, capital grants and contributions, and general revenues, and within general revenues, property taxes, franchise fees and grants and contributions not restricted to specific programs in 2014.

Governmental activities. Governmental activities increased the City of Richfield's net position by \$2,493,377 prior to a change in accounting principle. Key elements of this increase are as follows:

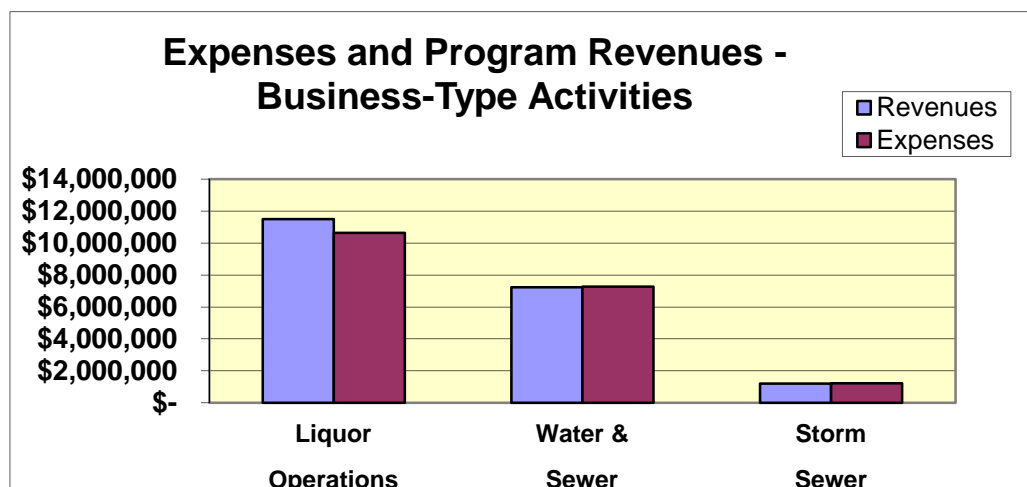
City of Richfield's Changes in Net position

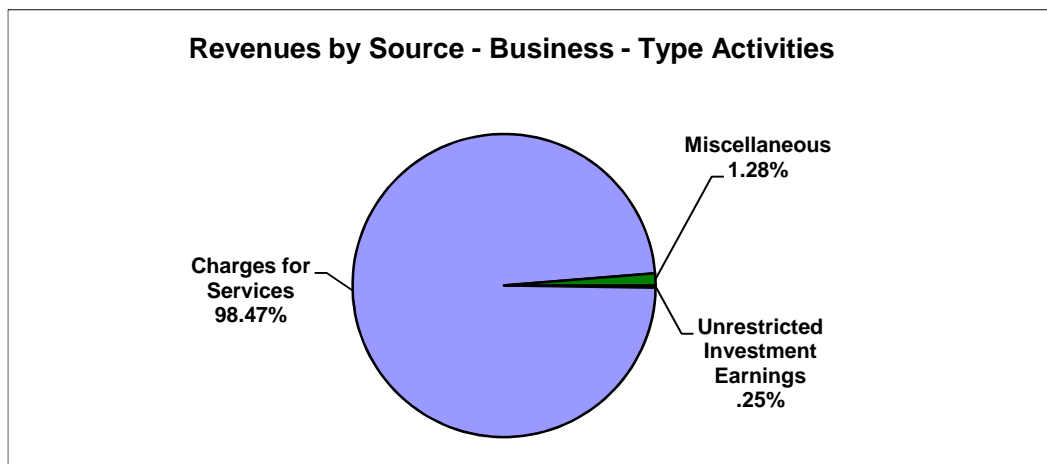
	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program Revenues:						
Charges for services	\$4,758,126	\$3,094,551	\$19,927,072	\$20,383,439	\$24,685,198	\$23,477,990
Operating grants and contributions	1,449,484	1,295,566	-	-	1,449,484	1,295,566
Capital grants and contributions	3,065,904	2,585,689	-	-	3,065,904	2,585,689
General revenues:						
Property taxes	18,613,321	17,985,988	-	-	18,613,321	17,985,988
Franchise taxes	1,973,751	1,304,716	-	-	1,973,751	1,304,716
Grants and contributions not restricted to specific programs	1,937,907	1,223,981	-	-	1,937,907	1,223,981
Other	809,564	710,988	309,319	481,633	1,118,883	1,192,621
Total revenues	32,608,057	28,201,479	20,236,391	20,865,072	52,844,448	49,066,551
Expenses:						
General government	3,102,253	3,042,891	-	-	3,102,253	3,042,891
Public safety	8,010,123	8,369,982	-	-	8,010,123	8,369,982
Fire	3,757,653	3,365,043	-	-	3,757,653	3,365,043
Community Development	1,360,558	1,322,175	-	-	1,360,558	1,322,175
Public Works	9,647,341	9,545,980	-	-	9,647,341	9,545,980
Parks and recreation	3,882,319	2,154,180	-	-	3,882,319	2,154,180
Interest on long-term debt	1,220,893	1,196,968	-	-	1,220,893	1,196,968
Liquor Operations	-	-	10,639,175	10,308,021	10,639,175	10,308,021
Water & Sewer Utility	-	-	7,271,227	7,217,814	7,271,227	7,217,814
Storm Sewer Utility	-	-	1,220,584	1,260,211	1,220,584	1,260,211
Recreation Fund	-	-	-	1,745,104	-	1,745,104
Total expenses	30,981,140	28,997,219	19,130,986	20,531,150	50,112,126	49,528,369
Change in net position before transfers	1,626,917	(795,740)	1,105,405	333,922	2,732,322	(461,818)
Transfers	866,460	661,300	(866,460)	(661,300)	-	-
Change in net position	2,493,377	(134,440)	238,945	(327,378)	2,732,322	(461,818)
Net position – January 1	71,778,754	71,913,194	23,375,982	23,817,378	95,154,736	95,730,572
Change in accounting principle	490,829	-	(490,829)	(114,018)	-	(114,018)
Net position – January 1 - Restated	72,269,583	71,913,194	22,885,153	23,703,360	95,154,736	95,616,554
Net position – December 31	\$74,762,960	\$71,778,754	\$23,124,098	\$23,375,982	\$97,887,058	\$95,154,736

- Charges for Services increased by \$1,663,575 in 2014 from 2013. The majority of the increase is due to the reclassification of the Ice Arena and Swimming Pool operations from business-type activities to governmental activities classification. This change accounted for \$1,160,080 of the overall increase. The remaining portion of the increase can be traced to increases in Deputy Registrar and Inspections revenues.
- Capital Grants and Contributions increased by \$480,215 in 2014 as compared to 2013. A prepayment of a special assessment totaling \$780,000 is the primary reason for increase in 2014.
- General Revenues reflects increases in franchise taxes of \$669,035 and grants and contributions not restricted to specific programs of \$713,926. The increase in franchise taxes is the result of an increase in franchise rates during 2014. Grants and contributions not restricted to specific programs increase was the result of the State of Minnesota increasing the amount of Local Government Aid certified to cities in 2014. Accordingly, the City of Richfield realized an increase in Local Government Aid of approximately \$714,000 in 2014.



Business-type activities. Business-type activities increased the City's net position by \$238,945 in 2014, before a change in accounting principle of \$490,829 is applied. The change in accounting principle is the result of reclassifying the Ice Arena, Swimming Pool and Special Facilities operations from business-type enterprise funds to governmental activities funds.





Financial Analysis of the Government's Funds

As noted earlier, the City of Richfield uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Richfield's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Richfield's financing requirements. Fund balances are identified based on a hierarchy of the constraints placed on the use of financial resources within governmental funds. Accordingly, fund balances are classified as: nonspendable, restricted, committed, assigned, and unassigned.

As of the end of the current fiscal year, the City of Richfield's governmental funds reported combined ending fund balances of \$21,449,938, a decrease of \$3,695,094 from 2013. The decrease is the result of the cumulative effect of a change in accounting principle as the result of the reclassification of the Ice Arena, Swimming Pool, and Special Facilities operations from a Proprietary Fund classification to a Governmental Special Revenue Fund classification. Consequently, the year-end balance consists of the following: less than 1% (\$90,571) are amounts that are not in spendable form such as prepaid items. 16% (\$3,477,447) constitutes restricted fund balances which limits the spending of these balances to externally imposed constraints, i.e. debt service covenants. 35% (\$7,409,218) represents committed fund balances which are determined by resolution of the City Council. 34% (\$7,385,044) is classified as assigned. These amounts represent intended uses established by the City Council or by an official designated by the City Council. Finally, 14% (\$3,087,658) consists of balances classified as unassigned, which includes the fund balance of the General Fund and deficit fund balances of other governmental funds.

The general fund is the chief operating fund of the City of Richfield. At the end of the current year, the unassigned fund balance of the general fund was \$8,414,671 while total fund balance was \$8,497,912. As a measure of the general fund liquidity, it may be useful to compare unassigned fund balance to total general fund revenues. Unassigned fund balance represents approximately 41% of total general fund revenues and 42% of total general fund expenditures. Moreover, the State Auditor has set a standard that unrestricted, unassigned fund balance should be between 35 and 50 percent of yearly general fund revenues. The City has adopted a policy that strives to maintain a minimum fund balance equal to 40% of total general fund revenues. At December 31, 2014 the City of Richfield has achieved this minimum fund balance goal.

The City's fund balance for its general fund increased by \$745,732 in 2014. The increase is due to an increase in tax revenues, charges for service, and license and permits.

The Ice Arena fund has a negative fund balance of (\$4,201,967). This is the result of a decrease in fund balance of (\$1,181,445) in 2014 and a cumulative effect of change in accounting principle of (\$3,020,522),

The Swimming Pool fund has a negative fund balance of (\$1,082,825). As was the case with the Ice Arena fund, the negative fund balance is the result of a decrease in fund balance in 2014 of (\$75,319) and a cumulative effect of change in accounting principle of (\$1,007,506).

The G.O. Improvement Bonds fund has a fund balance of \$4,724,355, of which \$2,397,605 is restricted for the payment of debt service. The fund balance increased in 2014 by \$683,200 as a result of a prepayment of a special assessment in the amount of \$780,000.

The Capital Improvement fund accounts for public improvements and road right-of-way projects undertaken by the City. This fund balance decreased by \$568,675. The decrease can be attributed to the spending down of bond proceeds as a result of the Richfield Parkway project.

The nonmajor governmental funds consist of the City's Special Revenue funds, Redevelopment Bond fund, and the Park and Recreation Development Capital Project fund. The combined total of these funds increased by \$763,168 in 2014. The increase is due primarily to an increase in the franchise fee rates in 2014.

Proprietary funds. The City of Richfield's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the liquor operation at the end of the year amounted to \$1,404,322, for the water and sewer utility \$3,738,077, for the storm sewer utility \$1,428,796, and for the recreation fund \$3,813,697. The total increase (decrease) in net position for all of these funds was \$179,887, (\$41,557), \$157,011, and \$8,071 respectively.

Budgetary Highlights

General Fund

As part of the annual budget process, the current general fund revenue and expenditure budgets are revised to reflect a more accurate picture throughout the current fiscal year. The intent of this annual budget process is for the City to continue to provide and maintain quality services to its residents while trying to maintain the tax levy at a reasonable level. However, with the past history of state aid reductions, and the City's past dependence on state aids, the Richfield City Council has made the decision to end the City's dependence on state aids, specifically Local Government Aid (LGA). In 2014, the City only recognized budgeted LGA revenues of \$300,000, despite the State certifying to the City approximately \$1.9 million. However, for the 2015 budget, the budgeted level of LGA was increased by \$140,000 to \$440,000. The reason for this increase was to limit the tax levy increase and to maintain it at reasonable level. Finally, the City will continue the policy to reduce its dependence on LGA; however, this will be mitigated by the efforts to minimize the tax levy on property owners.

At the end of 2014 the City's General Fund realized a surplus of \$745,732 to its fund balance. This was accomplished through the combination of better than expected results in property taxes, charges for services, and license and permit revenue, while at the same time, expenditures for the fund were under budget by \$585,091.

Capital Asset and Debt Administration

Capital assets. The City of Richfield's investment in capital assets for its governmental and business type activities as of December 31, 2014 amounts to \$102,405,779 (net of accumulated depreciation). This investment in capital assets includes land, buildings and structures, other improvements, machinery and equipment, infrastructure, and construction in progress.

Major capital asset events during 2014 included the following:

- Completion of the remodel of Fire Station 2. Total cost of the project was \$1,047,004.
- Completion of a new locker room at Rink 1 at the City's Ice Arena Facility. The total cost of the new locker room was \$641,454.
- Completion of Water Plant Soda Ash upgrade. The total cost of the project was \$512,685.
- Purchase of a new Front End Loader for the Public Works Department at a total cost of \$270,165.

City of Richfield's Capital Assets
(net of depreciation)

	Governmental activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$9,353,605	\$9,232,335	\$638,673	\$759,943	\$9,992,278	\$9,992,278
Buildings and structures	39,152,244	34,874,739	2,600,608	6,426,793	41,752,852	41,301,532
Machinery and equipment	4,363,933	3,319,887	3,732,406	4,687,635	8,096,339	8,007,522
Other improvements	2,540,056	2,085,291	14,180,996	15,488,331	16,721,052	17,544,644
Streets (Infrastructures)	21,407,352	23,110,660	-	-	21,407,352	23,110,660
Construction in progress	1,511,299	1,152,789	2,924,607	2,046,037	4,435,906	3,198,826
Total capital assets	<u>\$78,328,489</u>	<u>\$73,775,701</u>	<u>\$24,077,290</u>	<u>\$29,408,739</u>	<u>\$102,405,779</u>	<u>\$103,184,440</u>

Additional information on the City's capital assets can be found in Note 1N and Note 3 Capital Assets in the accompanying notes to the basic financial statements.

Long-term debt.

At the end of the current fiscal year, the City of Richfield had total bonded debt outstanding of \$42,546,157. The debt service for the general obligation redevelopment bonds is provided through the collection of tax increments from Hennepin County. On an annual basis tax increment proceeds are transferred to meet annual debt service requirements. The general obligation improvement bonds are serviced by special assessment collections and tax levies.

In 2014 the Gross Revenue Ice Arena Bonds, Series 1999, were called and retired. The call was financed with an internal loan to the Ice Arena Special Revenue Fund from the Recreation Enterprise Fund in the amount of \$563,213. Finally, there was no new debt issued by the City during 2014.

City of Richfield's Outstanding Debt
General Obligation and Revenue Bonds

	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
General obligation redevelopment bonds	\$7,685,000	\$8,340,000	\$ -	\$ -	\$7,685,000	\$8,340,000
General obligation improvement bonds	24,460,000	25,785,000	-	-	24,460,000	25,785,000
Revenue bonds	-	-	10,401,157	11,728,957	10,401,157	11,728,957
Total	<u>\$32,145,000</u>	<u>\$34,125,000</u>	<u>\$10,401,157</u>	<u>\$11,728,957</u>	<u>\$42,546,157</u>	<u>\$45,853,957</u>

The City of Richfield maintains an AA+ rating from Standard & Poor's and an "Aa2" rating from Moody's Investor Service, for general obligation debt.

State Statutes limit the amount of general obligation debt a governmental entity may issue to 3 percent of its total assessed valuation. The current debt limitation for the City of Richfield is \$78,837,000, which is in excess of the City of Richfield's outstanding general obligation debt.

Additional details of the City's long-term debt activity can be found in Note 5, Long-Term Liabilities, in the accompanying notes to the basic financial statements.

Economic Factors and Next Year's Budgets and Rates

The following items are an integral part of the City's planning for and dealing with near-term financial issues:

- The economic and financial issues faced by the State of Minnesota over the last several years appear to be a thing of the past. As of February 2015, the State is forecasting a \$1.869 billion budget surplus by the end of the fiscal year 2016-2017 biennium. This is a very strong positive for all cities in Minnesota. As for the City of Richfield, despite the positive financial forecast from the State, it intends to continue its policy of eliminating or at a minimum, reducing its dependence on Local Government Aid and to remain fiscally responsible.
- In addition, the state of the economy, both local and national, has and will have an impact on the City. However, as the economy has stabilized and started to improve, the City has seen some positive signs. Market values within the City have increased for 2015 and those increases are expected to continue into 2016. Moreover, the market for redevelopment within the City is showing signs of improvement as developers are starting to seek out the City for redevelopment opportunities within the City.
- Rates for the Utility operations increased for 2014. For 2015 water rates were projected to increase 5.0% or 16 cents per thousand gallons to help fund continued operating costs and infrastructure improvements, while wastewater rates will increase only 4.89% or 19 cents to keep pace with increased costs of Met Council Environmental Services. Rates for the Storm Sewer Utility will increase by 4% or 48 cents to offset increased operating costs.

Requests for Information

This financial report is designed to provide a general overview of the City of Richfield's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Manager, City of Richfield, 6700 Portland Avenue South, Richfield, MN 55423.

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BASIC FINANCIAL STATEMENTS

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CITY OF RICHFIELD, MINNESOTA
STATEMENT OF NET POSITION
December 31, 2014

Statement 1

	Primary Government			Component Unit
	Governmental	Business-type		Housing & Redev.
	Activities	Activities	Total	Authority
ASSETS:				
Cash & investments	\$ 29,193,923	\$ 8,204,368	\$ 37,398,291	\$ 8,126,962
Accrued interest	90,990	-	90,990	2,293
Due from other governments	902,245	15,142	917,387	103,405
Accounts receivable - net	948,021	2,559,397	3,507,418	3,178
Inventories	-	1,155,448	1,155,448	-
Internal balances	1,011,610	(1,011,610)	-	-
Due from component unit	1,218,196	-	1,218,196	-
Prepaid items	91,821	17,924	109,745	-
Property taxes receivable:				
Delinquent	242,597	-	242,597	6,420
Special assessments receivable	590,188	-	590,188	-
Assets held for resale	1,264,063	-	1,264,063	2,892,477
Long term second mortgage receivable	-	-	-	2,637,238
Allowance for uncollectible accounts	-	-	-	(2,637,238)
Capital assets (not depreciable)	10,864,904	3,563,280	14,428,184	-
Capital assets (net of accumulated depr.)	67,463,585	20,514,010	87,977,595	-
Total assets	113,882,143	35,017,959	148,900,102	11,134,735
LIABILITIES:				
Accounts and contracts payable	855,684	716,365	1,572,049	143,078
Due to other governmental units	539,856	156,502	696,358	1,486
Due to primary government	-	-	-	1,218,196
Salaries payable	729,816	123,699	853,515	-
Unearned revenue	165,354	-	165,354	-
Accrued interest payable	475,510	152,078	627,588	-
Noncurrent liabilities:				
Due within one year	3,065,440	644,202	3,709,642	-
Due in more than one year	33,287,523	10,101,015	43,388,538	-
Total Liabilities	39,119,183	11,893,861	51,013,044	1,362,760
NET POSITION:				
Net investment in capital assets	53,868,489	14,105,007	67,973,496	-
Restricted for:				
Debt service	2,388,013	-	2,388,013	-
Capital projects	861,226	-	861,226	4,123,035
Other purposes	375,780	-	375,780	157,744
Unrestricted	17,269,452	9,019,091	26,288,543	5,491,196
Total net position	\$ 74,762,960	\$ 23,124,098	\$ 97,887,058	\$ 9,771,975

The accompanying notes are an integral part of these financial statements.

CITY OF RICHFIELD, MINNESOTA
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental Activities:				
General Government	\$ 3,102,253	\$ 672,182	\$ -	\$ -
Public Safety	8,010,123	837,168	852,230	-
Fire	3,757,653	25,905	141,794	-
Community Development	1,360,558	1,305,144	-	861,086
Public Works	9,647,341	308,784	453,428	2,174,565
Parks and Recreation	3,882,319	1,608,943	2,032	30,253
Interest on long-term debt	1,220,893	-	-	-
Total governmental activities	30,981,140	4,758,126	1,449,484	3,065,904
Business-type activities:				
Liquor Operations	10,639,175	11,500,417	-	-
Water & Sewer Utility	7,271,227	7,222,179	-	-
Storm Sewer Utility	1,220,584	1,204,476	-	-
Total business-type activities	19,130,986	19,927,072	-	-
Total primary government	\$ 50,112,126	\$ 24,685,198	\$ 1,449,484	\$ 3,065,904
Component units:				
Housing & Redevelopment Authority	\$ 6,919,124	\$ 56,034	\$ 1,493,437	\$ 704,639
Total Component Unit	\$ 6,919,124	\$ 56,034	\$ 1,493,437	\$ 704,639

General Revenues:

Taxes:

Property taxes, levied for general purposes

Franchise taxes

Tax Increments

Grants & contributions not restricted to specific programs

Unrestricted investment earnings

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning

Cumulative effect of change in accounting principle

Net position - beginning - restated

Net position - ending

The accompanying notes are an integral part of these financial statements.

Statement 2

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	
(2,430,071)	\$ -	(2,430,071)	\$ -
(6,320,725)	-	(6,320,725)	-
(3,589,954)	-	(3,589,954)	-
805,672	-	805,672	-
(6,710,564)	-	(6,710,564)	-
(2,241,091)	-	(2,241,091)	-
(1,220,893)	-	(1,220,893)	-
(21,707,626)	-	(21,707,626)	-
-	861,242	861,242	-
-	(49,048)	(49,048)	-
-	(16,108)	(16,108)	-
-	796,086	796,086	-
\$ (21,707,626)	\$ 796,086	\$ (20,911,540)	\$ -
-	-	-	\$ (4,665,014)
-	-	-	\$ (4,665,014)
\$ 18,613,321	\$ -	18,613,321	\$ 477,626
1,973,751	-	1,973,751	-
-	-	-	4,128,472
1,937,907	-	1,937,907	-
103,261	49,308	152,569	38,772
706,303	260,011	966,314	93,588
866,460	(866,460)	-	-
24,201,003	(557,141)	23,643,862	4,738,458
2,493,377	238,945	2,732,322	73,444
71,778,754	23,375,982	95,154,736	9,698,531
490,829	(490,829)	-	-
72,269,583	22,885,153	95,154,736	9,698,531
\$ 74,762,960	\$ 23,124,098	\$ 97,887,058	\$ 9,771,975

The accompanying notes are an integral part of these financial statements.

CITY OF RICHFIELD, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2014

Statement 3

	General	Ice Arena	Swimming Pool	Improvement Bonds	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Assets							
Cash and investments	\$ 5,873,566	\$ -	\$ -	\$ 4,621,875	\$ 6,523,920	\$ 3,774,175	\$ 20,793,536
Accrued Interest	-	-	-	90,990	-	-	90,990
Due from other governments	294,902	-	-	11,490	575,537	20,316	902,245
Receivables, net	127,803	138,845	-	-	-	681,373	948,021
Due from other funds	3,140,925	-	-	-	98,843	59,311	3,299,079
Prepaid items	83,241	-	-	-	-	7,330	90,571
Delinquent property taxes receivable	209,703	-	-	28,864	4,030	-	242,597
Special assessments receivable	-	-	-	437,054	153,134	-	590,188
Advances to other funds	-	-	-	-	524,958	598,690	1,123,648
Advances to component unit	-	-	-	-	780,000	-	780,000
Assets held for resale	-	-	-	-	1,264,063	-	1,264,063
Total assets	\$ 9,730,140	\$ 138,845	\$ -	\$ 5,190,273	\$ 9,924,485	\$ 5,141,195	\$ 30,124,938
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities:							
Accounts payable	\$ 241,135	\$ 33,119	\$ 2,477	\$ -	\$ 279,193	\$ 133,746	\$ 689,670
Accrued salaries and benefits	658,836	22,160	-	-	-	5,261	686,257
Due to other funds	-	2,253,504	1,080,348	-	-	36,047	3,369,899
Payable to other governments	122,554	5,117	-	-	372,179	8,993	508,843
Unearned revenue	-	-	-	-	165,354	-	165,354
Advances from other funds	-	2,026,912	-	-	-	395,280	2,422,192
Total liabilities	1,022,525	4,340,812	1,082,825	-	816,726	579,327	7,842,215
Deferred Inflows of Resources:							
Unavailable revenue - delinquent property taxes	\$ 209,703	\$ -	\$ -	\$ 28,864	\$ 4,030	\$ -	\$ 242,597
Unavailable revenue - special assessments	-	-	-	437,054	153,134	-	590,188
Total Deferred Inflows of Resources	209,703	-	-	465,918	157,164	-	832,785
Fund balances:							
Nonspendable	83,241	-	-	-	-	7,330	90,571
Restricted	-	-	-	2,397,605	704,062	375,780	3,477,447
Committed	-	-	-	1,732,789	1,455,450	4,220,979	7,409,218
Assigned	-	-	-	593,961	6,791,083	-	7,385,044
Unassigned	8,414,671	(4,201,967)	(1,082,825)	-	-	(42,221)	3,087,658
Total fund balances	8,497,912	(4,201,967)	(1,082,825)	4,724,355	8,950,595	4,561,868	21,449,938
Total liabilities, deferred inflows of resources and fund balances	\$ 9,730,140	\$ 138,845	\$ -	\$ 5,190,273	\$ 9,924,485	\$ 5,141,195	\$ 30,124,938
Fund balance reported above							\$ 21,449,938
Amounts reported for governmental activities in the statement of net position are different because:							
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds							74,904,016
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds.							
Delinquent property taxes							242,597
Special assessments not yet due							590,188
The assets and liabilities of certain Internal Service Funds are included in governmental activities in the statement of net position							
Net position of internal service funds							9,687,615
Allocation to reflect consolidation of internal service fund activities related to enterprise funds							1,365,801
Allocation to reflect consolidation of internal service fund activities related to component unit							438,196
Net other post-employment benefit obligations payable reported in the Statement of Net Position do not require the use of current financial resources and are not reported as liabilities in governmental funds until actually due.							(1,294,881)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:							
Bonds payable							(32,145,000)
Accrued interest payable							(475,510)
Net position of governmental activities							\$ 74,762,960

The accompanying notes are an integral part of these financial statements.

CITY OF RICHFIELD, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2014

Statement 4

	General	Ice Arena	Swimming Pool	Improvement Bonds	Capital Improvements	Other Governmental Funds	Total Governmental Funds
REVENUES:							
Property taxes	\$ 15,230,039	\$ -	\$ -	\$ 2,141,498	\$ 999,187	\$ -	\$ 18,370,724
Franchise taxes	-	-	-	-	-	1,973,751	1,973,751
Special assessments	-	-	-	849,105	126,619	-	975,724
Fees and fines	386,139	-	-	-	-	107,808	493,947
License and permits	1,030,746	-	-	-	-	-	1,030,746
Intergovernmental	1,597,986	-	-	-	2,865,208	1,022,838	5,486,032
Charges for Services	2,073,353	930,977	229,103	-	-	-	3,233,433
Investment earnings	13,666	302	-	7,606	29,522	11,835	62,931
Miscellaneous	90,502	28,101	59,688	750	1,368	545,894	726,303
Total revenues	20,422,431	959,380	288,791	2,998,959	4,021,904	3,662,126	32,353,591
EXPENDITURES:							
Current:							
Legislative/Executive	836,054	-	-	-	-	-	836,054
Administrative Services	1,145,220	-	-	-	-	497,213	1,642,433
Public Safety	7,570,660	-	-	-	-	190,738	7,761,398
Fire	3,561,443	-	-	-	-	-	3,561,443
Community Development	1,297,986	-	-	-	-	-	1,297,986
Public Works	3,679,158	-	-	-	3,745,326	-	7,424,484
Recreation Services	1,710,352	853,640	394,110	-	-	249,827	3,207,929
Debt service:							
Principal	-	780,000	-	1,325,000	-	655,000	2,760,000
Interest and other charges	-	55,056	-	996,120	-	206,087	1,257,263
Capital outlay	42,286	542,129	-	-	-	544,093	1,128,508
Construction/acquisition costs	-	-	-	-	1,215,892	-	1,215,892
Total expenditures	19,843,159	2,230,825	394,110	2,321,120	4,961,218	2,342,958	32,093,390
Revenues over (under) expenditures	579,272	(1,271,445)	(105,319)	677,839	(939,314)	1,319,168	260,201
Other financing sources (uses):							
Transfers in	266,460	90,000	30,000	5,361	2,021,890	920,000	3,333,711
Transfers out	(100,000)	-	-	-	(1,651,251)	(1,476,000)	(3,227,251)
Total other financing sources and (uses)	166,460	90,000	30,000	5,361	370,639	(556,000)	106,460
Net increase (decrease) in fund balance	745,732	(1,181,445)	(75,319)	683,200	(568,675)	763,168	366,661
Fund Balances - January 1	7,752,180	-	-	4,041,155	9,519,270	3,832,427	25,145,032
Cumulative effect of change in accounting principle	-	(3,020,522)	(1,007,506)	-	-	(33,727)	(4,061,755)
Fund Balances - January 1 - Restated	7,752,180	(3,020,522)	(1,007,506)	4,041,155	9,519,270	3,798,700	21,083,277
Fund balances - December 31	\$ 8,497,912	\$ (4,201,967)	\$ (1,082,825)	\$ 4,724,355	\$ 8,950,595	\$ 4,561,868	\$ 21,449,938

The accompanying notes are an integral part of these financial statements.

CITY OF RICHFIELD, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2014

Statement 5

Net Change in fund balances - total governmental funds	\$	366,661
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$3,272,366) exceeded capital outlay (\$2,344,400) in the current period.

(927,966)

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, disposals and donations) is to decrease net position.

(44,205)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. The amounts of these differences are as follows:

Delinquent property taxes

242,597

Deferred special assessments

(28,461)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The amounts of these differences are:

Principal payments on long-term debt

2,760,000

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Expenses reported in the statement of activities include the effects of the changes in these expense accruals as follows:

Change in accrued interest payable

36,370

Net other post-employment benefit obligations payable reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds until actually due.

(183,916)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunication, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.

Investment earnings

40,330

Consolidation of internal service fund activities related to government activities

(528,033)

Transfers in

760,000

Change in net position of governmental activities

\$ 2,493,377

The accompanying notes are an integral part of these financial statements.

CITY OF RICHFIELD, MINNESOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2014

Statement 6

	Business Type Activities - Enterprise Funds					Governmental Activities - Internal Service Fund
	Municipal Liquor Fund	Water and Sewer Utility Fund	Storm Sewer Fund	Recreation Fund	Total	
ASSETS:						
Current assets:						
Cash and cash equivalents	\$ 918,684	\$ 2,576,320	\$ 1,873,660	\$ 2,835,704	\$ 8,204,368	\$ 8,400,387
Receivables, net	-	2,261,691	297,706	-	2,559,397	-
Due from other funds	-	-	-	111,039	111,039	58,625
Due from other governments	-	15,142	-	-	15,142	-
Inventories	1,155,448	-	-	-	1,155,448	-
Prepaid items	17,924	-	-	-	17,924	1,250
Total current assets	2,092,056	4,853,153	2,171,366	2,946,743	12,063,318	8,460,262
Noncurrent assets:						
Advances to other funds	-	-	-	866,954	866,954	956,548
Capital assets:						
Land	499,188	53,550	85,935	-	638,673	-
Construction in progress	-	2,986	2,921,621	-	2,924,607	181,681
Distribution and collection systems	-	17,382,900	12,895,570	-	30,278,470	-
Buildings and equipment	3,765,141	15,253,387	437,407	-	19,455,935	8,823,356
Less accumulated depreciation	(2,016,747)	(18,285,157)	(8,918,491)	-	(29,220,395)	(5,580,564)
Total capital assets (net of accumulated depreciation)	2,247,582	14,407,666	7,422,042	-	24,077,290	3,424,473
Total noncurrent assets	2,247,582	14,407,666	7,422,042	866,954	24,944,244	4,381,021
Total assets	4,339,638	19,260,819	9,593,408	3,813,697	37,007,562	12,841,283
LIABILITIES:						
Current Liabilities:						
Accounts payable	331,450	96,413	66,654	-	494,517	166,014
Contracts payable	36,354	-	185,495	-	221,849	-
Accrued salaries and benefits	62,864	57,460	3,375	-	123,699	43,559
Due to other governments	110,240	46,262	-	-	156,502	31,012
Compensated absences	38,127	50,440	635	-	89,202	494,665
Accrued interest payable	-	95,836	56,242	-	152,078	-
Due to other funds	-	98,843	-	-	98,843	-
Bonds, notes, and loans payable	-	325,000	230,000	-	555,000	-
Total current liabilities	579,035	770,254	542,401	-	1,891,690	735,250
Noncurrent liabilities:						
Advances from other funds	-	524,958	-	-	524,958	-
Compensated absences	77,727	102,828	1,295	-	181,850	1,442,963
Net OPEB obligation	30,972	42,036	-	-	73,008	49,768
Claims and judgments	-	-	-	-	-	925,687
Bonds, notes, and loans payable(net of unamortized premiums and discounts)	-	5,518,326	4,327,831	-	9,846,157	-
Total noncurrent liabilities	108,699	6,188,148	4,329,126	-	10,625,973	2,418,418
Total liabilities	687,734	6,958,402	4,871,527	-	12,517,663	3,153,668
NET POSITION:						
Net investment in capital assets	2,247,582	8,564,340	3,293,085	-	14,105,007	3,424,473
Unrestricted	1,404,322	3,738,077	1,428,796	3,813,697	10,384,892	6,263,142
Total net position	\$ 3,651,904	\$ 12,302,417	\$ 4,721,881	\$ 3,813,697	24,489,899	\$ 9,687,615
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					(1,365,801)	
Net position of business - type activities					\$ 23,124,098	

The accompanying notes are an integral part of these financial statements.

CITY OF RICHFIELD, MINNESOTA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For The Year Ended December 31, 2014

Statement 7

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Fund
	Municipal Liquor Fund	Water and Sewer Utility Fund	Storm Sewer Fund	Recreation Fund	Total Current Year	
OPERATING REVENUES						
Charges for Service	\$ 11,500,417	\$ 7,222,179	\$ 1,204,476	\$ -	\$ 19,927,072	\$ 3,411,811
Less: cost of sales	(8,601,930)	-	-	-	(8,601,930)	-
Total operating revenues	2,898,487	7,222,179	1,204,476	-	11,325,142	3,411,811
OPERATING EXPENSES						
Personnel services	1,362,815	1,743,462	338,486	-	3,444,763	1,285,133
Other service and charges	531,008	4,117,013	333,472	-	4,981,493	2,339,517
Depreciation	123,996	1,133,160	400,694	-	1,657,850	645,728
Total operating expenses	2,017,819	6,993,635	1,072,652	-	10,084,106	4,270,378
Operating income (loss)	880,668	228,544	131,824	-	1,241,036	(858,567)
NONOPERATING REVENUES (EXPENSES)						
Interest and investment revenue	1,759	36,377	3,101	8,071	49,308	40,330
Intergovernmental revenue	-	9,996	-	-	9,996	-
Miscellaneous revenue	13,920	79,497	156,598	-	250,015	153,553
Gain(loss) on disposal of capital assets	-	-	-	-	-	87,067
Interest expense	-	(245,971)	(134,512)	-	(380,483)	-
Total nonoperating revenue (expenses)	15,679	(120,101)	25,187	8,071	(71,164)	280,950
Income before transfers	896,347	108,443	157,011	8,071	1,169,872	(577,617)
Transfers in	-	-	-	-	-	760,000
Transfers out	(716,460)	(150,000)	-	-	(866,460)	-
Changes in net position	179,887	(41,557)	157,011	8,071	303,412	182,383
Total net position - beginning	3,472,017	12,343,974	4,564,870	4,296,455		9,505,232
Cumulative effect of change in accounting principle	-	-	-	(490,829)		-
Total net position - beginning - restated	3,472,017	12,343,974	4,564,870	3,805,626		9,505,232
Total net position - ending	\$ 3,651,904	\$ 12,302,417	\$ 4,721,881	\$ 3,813,697		\$ 9,687,615
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					(64,467)	
Change in net position of business - type activities					\$ 238,945	

The accompanying notes are an integral part of these financial statements.

CITY OF RICHFIELD, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Year Ended December 31, 2014

Statement 8

	Business Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Municipal Liquor Fund	Water and Sewer Utility Fund	Storm Sewer Fund	Recreation Fund	Totals	
Cash flows from operating activities:						
Receipts from customers and users	\$ 2,898,487	\$ 7,218,838	\$ 1,193,737	\$ 209,694	\$ 11,520,756	\$ 3,411,811
Receipts from interfund services provided	-	-	-	-	-	(1,213,133)
Payment to employees	(1,372,072)	(1,735,181)	(336,521)	(49,733)	(3,493,507)	(2,485,927)
Payment to suppliers	(525,987)	(3,929,098)	(150,168)	(631,990)	(5,237,243)	-
Payments for interfund services used	(144,239)	(239,722)	(110,681)	-	(494,642)	-
Miscellaneous revenue	13,920	79,497	156,598	-	250,015	153,553
Net cash flows from operating activities	870,109	1,394,334	752,965	(472,029)	2,545,379	(133,696)
Cash flows from noncapital financing activities:						
Transfer from Special Revenue Fund	-	-	-	-	-	60,000
Transfer from Capital Project Fund	-	-	-	-	-	700,000
Transfer from Enterprise Fund	-	-	-	-	-	-
Transfer to General Fund	(266,460)	-	-	-	(266,460)	-
Transfer to Special Revenue Fund	(450,000)	-	-	-	(450,000)	-
Transfer to Capital Project Funds	-	(150,000)	-	-	(150,000)	-
Transfer to Enterprise Funds	-	-	-	-	-	-
Interfund borrowing	-	(96,888)	-	(515,112)	(612,000)	57,464
Intergovernmental grants	-	9,996	-	-	9,996	-
Change in Accounting Principle	-	-	-	3,514,734	3,514,734	-
Net cash flows from noncapital financing activities:	(716,460)	(236,892)	-	2,999,622	2,046,270	817,464
Cash flows from capital and related financing activities:						
Proceeds from disposal of capital assets	-	-	-	-	-	42,067
Acquisition of capital assets	(73,143)	(509,003)	(1,104,222)	-	(1,686,368)	(765,717)
Principal paid on capital debt	-	(315,000)	(230,000)	-	(545,000)	-
Interest payments	-	(250,853)	(161,937)	-	(412,790)	-
Net cash flows from capital and related financing activities	(73,143)	(1,074,856)	(1,496,159)	-	(2,644,158)	(723,650)
Cash flows from investing activities:						
Investment income	1,759	36,377	3,101	8,071	49,308	40,330
Net increase (decrease) in cash and cash equivalents	82,265	118,963	(740,093)	2,535,664	1,996,799	448
Cash and cash equivalents - January 1	836,419	2,457,357	2,613,753	300,040	6,207,569	8,399,939
Cash and cash equivalents - December 31	\$ 918,684	\$ 2,576,320	\$ 1,873,660	\$ 2,835,704	\$ 8,204,368	\$ 8,400,387
Reconciliation of operating income to net cash flows from operating activities:						
Operating income (loss)	\$ 880,668	\$ 228,544	\$ 131,824	\$ -	\$ 1,241,036	\$ (858,567)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:						
Miscellaneous revenue (expense)	13,920	79,497	156,598	-	250,015	153,553
Depreciation	123,996	1,133,160	400,694	-	1,657,850	645,728
Changes in assets and liabilities:						
Decrease (increase) in receivables	-	(6,705)	(10,739)	(305,418)	(322,862)	-
Decrease (increase) in prepaid items	892	-	-	-	892	-
Decrease (increase) in inventory	37,298	-	-	-	37,298	-
Increase (decrease) in payables	(175,178)	(78,453)	72,623	(101,414)	(282,422)	(38,535)
Increase (decrease) in salaries and benefits payable	2,802	2,352	113	(35,501)	(30,234)	6,550
Increase (decrease) in compensated absences	(12,059)	5,929	1,852	(14,232)	(18,510)	65,450
Increase (decrease) in due to other governments	(6,421)	24,526	-	(2,311)	15,794	30,944
Increase (decrease) in net OPEB obligations	4,191	5,484	-	(13,153)	(3,478)	5,142
Increase (decrease) in claims and judgments	-	-	-	-	-	(143,961)
Total adjustments	(10,559)	1,165,790	621,141	(472,029)	1,304,343	724,871
Net cash flows from operating activities	\$ 870,109	\$ 1,394,334	\$ 752,965	\$ (472,029)	\$ 2,545,379	\$ (133,696)

The accompanying notes are an integral part of these financial statements.

CITY OF RICHFIELD, MINNESOTA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
December 31, 2014

Statement 9

Assets	Agency Fund
	<hr/>
Cash and investments	\$ 513,886
Due from other governments	79,537
	<hr/>
Total Assets	\$ 593,423
	<hr/> <hr/>
Liabilities	
Accounts payable	\$ 17,204
Due to other governments	151,157
Deposits	425,062
	<hr/>
Total Liabilities	\$ 593,423
	<hr/> <hr/>

The accompanying notes are an integral part of these financial statements.

**CITY OF RICHFIELD, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014**

1. Summary of Significant Accounting Policies

The City of Richfield (the City) was incorporated February 26, 1908. Since 1964, the City has operated under a Council-Manager form of government, as authorized by its City Charter.

The accounting policies of the City conform to generally accepted accounting principles, as applied to governmental units by the U.S. Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies:

A. Reporting Entity

The financial statements present the City and its component units. The City includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate from such. Component units are legally separate organizations for which the elected officials of the City are financially accountable and are included within the general purpose financial statements of the City because of the significance of their operational or financial relationships with the City.

The City is considered financially accountable for a component unit if it appoints a voting majority of the organization's governing body and it is able to impose its will on the organization by significantly influencing the programs, projects, activities, or level of services performed or provided by the organization, or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens, on the City.

As a result of applying the component unit definition criteria above, certain organizations have been defined and are presented in this report as follows:

- *Blended Component Units* - Reported as if they were part of the City.
- *Discretely Presented Component Units* - Entails reporting the component unit financial data in a column separate from the financial data of the City.
- *Related Organizations* - The relationship of the City with the entity is disclosed.

For each of the categories above, the specific entities are identified as follows:

- *Blended Components Units:*
The City has no blended component units.
- *Discretely Presented Component Units:*
Housing and Redevelopment Authority (HRA) in and for the City of Richfield.

The HRA was established on November 12, 1974, per Minnesota State Statute 462.426 (Minnesota Housing and Redevelopment Act of 1947), and is governed by a five-member commission appointed by the Mayor. The HRA was formed by the City to provide housing and redevelopment assistance to Richfield citizens and businesses. The HRA provides this assistance through the general taxes, the use of Community Development Block Grants, and the establishment of tax increment and tax abatement financing districts. The HRA also operates the Section 8 rental subsidy program as a direct recipient from the Department of Housing and Urban Development. As the City appoints the HRA commission and has the ability to hire or dismiss those persons responsible for its day-to-day operations, the HRA is considered a component unit of the City.

Financial statements of the HRA can be obtained from the administrative offices at City Hall:

Richfield Housing and Redevelopment Authority
6700 Portland Avenue South
Richfield, Minnesota 55423

- *Related Organizations*
The City has no related organizations.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or business-type activity is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or business-type activity. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or business-type activity; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or business type activity. Taxes and other items not included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the Proprietary Fund and Fiduciary Fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds, however, are unlike all other funds, reporting only assets and liabilities. So agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers all revenues, except reimbursement grants, to be available if they are collected within 60 days of the end of the current fiscal period. Reimbursement grants are considered available if they are collected within one year of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, OPEB obligations, and claims and judgments, are recorded only when payment is due.

Property taxes, special assessments, intergovernmental revenues, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Ice Arena Fund accounts for the revenues earned and other resources generated by the operation of the City's two sheet ice arena facility.

The Swimming Pool Fund accounts for the revenues and other resources generated by the activities of the City's municipal swimming pool operation.

The Improvement Bond Debt Service Fund is used for the accumulation of resources for payment of principal and interest for outstanding general obligation issues.

The Capital Improvement Capital Projects Fund is used to account for projects related to public improvement within the City.

The government reports the following major proprietary funds:

The Municipal Liquor Fund accounts for the operations of the four municipal liquor stores operated by the City.

The Water and Sewer Utility Fund accounts for the water and sewer service charges which are used to finance the water system and sanitary sewer system operating expenses.

The Storm Sewer Fund accounts for storm sewer user fees, which are used to finance storm sewer system operating expenses.

The Recreation Fund accounts for residual assets of the City's former municipal golf course.

Additionally, the government reports the following fund types:

Internal Service Funds account for fleet management, data processing, risk management, building maintenance services, and compensated absences, provided to other funds or departments on a cost reimbursement basis.

Agency Funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments. The funds are custodial in nature and do not involve measurement of results of operation.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are transactions that would be treated as revenues, expenditures or expenses if they involved external organizations, such as buying goods and services or payments in lieu of taxes, are similarly treated when they involve other funds of the City of Richfield. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds, the liquor, water & sewer, storm sewer, and recreation fund, and the City's internal service funds are from the sale of product and charges to customers for services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for an allowable use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Budgets

Budgets for the General Fund and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles. Budgetary control for Capital Projects Funds is accomplished through the use of project controls and for the Debt Service Funds by bond indentures.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General, Special Revenue, and Capital Projects Funds. Encumbrances outstanding at year-end are reported within restrictions, commitments, or assignments of fund balance, as appropriate, since they do not constitute expenditures or liabilities. At December 31, 2014 there are no significant encumbrances outstanding in any major or nonmajor fund.

E. Legal Compliance - Budgets

The City follows these procedures in establishing the budgetary data reflected in the financial statement and set forth in Section 7.06 of the City Charter.

1. The City Manager shall, at a special budget meeting of the Council on or before September 15, submit to the Council a proposed budget and an explanatory budget message in a form and manner as prescribed by the City Charter.
2. At the special budget meeting, the Council shall determine the plan and time of the public hearing or hearings on the budget. Public hearings are conducted to obtain taxpayer comments.
3. The Council shall adopt the budget no later than the last date established by law for the County Auditor to levy taxes. The budget shall set forth the total for each budgeted fund

and each department with such segregation as to objects and purposes of expenditures as the Council deems necessary for purposes of budget control for the General and Special Revenue Funds.

4. Reported budget amounts are as originally adopted or as amended by Council-approved budget transfers. During 2014 the General Fund budget was amended to decrease budgeted expenditures and transfers out by \$445,080. The City Manager is authorized to transfer budgeted amounts between divisions within any department; however, any revisions that alter the total expenditures of any department must be approved by the City Council with formal adoption by resolution. All budgeted appropriations lapse at the end of the year.
5. Expenditures may not legally exceed budgeted appropriations at the total department level. Monitoring of budgets is maintained at the expenditure category (i.e., salaries, wages, and benefits; material, supplies, and services; and capital outlay) within each activity. Budgetary monitoring, by departments or divisions and by category, is required by the City Charter.

F. Cash, Cash Equivalents, and Investments

Cash and investment balances from all funds are pooled and invested to the extent available in authorized investments. Earnings from such investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund.

Investments are stated at fair value, based upon quoted market prices. Investment income is accrued at the balance sheet date. For purposes of the statement of cash flows, the Proprietary Funds consider investments held in the City's cash management pool to be cash equivalents because this pool is used essentially as a demand deposit account.

G. Short-Term Interfund and Primary Government/Component Unit Receivable/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "advances to other funds" or "advances from other funds" on the balance sheet. Payables/receivables between the primary government and its component unit are classified as "due to/from component unit" on the primary government's balance sheet and "due to/from primary government" on the component unit's balance sheet.

Property taxes and special assessments have been reported net of estimated uncollectible accounts. (See Note 1H and I.) Because utility bills are considered liens on property, no estimated uncollectible amounts are established. Uncollectible amounts are not material for other receivables and have not been reported.

H. Property Tax Revenue Recognition

The City Council annually adopts a tax levy and certifies it to the County in December (levy/assessment date) of each year for collection in the following year. The County is responsible for billing and collecting all property taxes for itself, the City, the local School District and other taxing authorities. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. Real property taxes are payable (by property owners) on May 15 and October 15 of each calendar year. Personal property taxes are payable by taxpayers on February 28 and June 30 of each year. These taxes are collected by the County and remitted to the City on or before July 2 and December 2 of the same year. Delinquent collections for November and December are received the following January. The City has no ability to enforce payment of property taxes by property owners. The County possesses this authority.

Government-Wide Financial Statements

The City recognizes property tax revenue in the period for which the taxes were levied. Uncollectible property taxes are not material and have not been reported.

Governmental Fund Financial Statements

The City recognizes property tax revenue when it becomes both measurable and available to finance expenditures of the current period. In practice, current and delinquent taxes and State credits received by the City in July, December and January are recognized as revenue for the current year. Taxes collected by the County by December 31 (remitted to the City the following January) and taxes and credits not received at the year end are classified as delinquent and due from County taxes receivable. The portion of delinquent taxes not collected by the City in January is fully offset by deferred inflows of resources because they are not available to finance current expenditures.

I. Special Assessment Revenue Recognition

Special assessments are levied against benefited properties for the cost or a portion of the cost of special assessment improvement projects in accordance with State Statutes. These assessments are collectible by the City over a term of years usually consistent with the term of the related bond issue. Collection of annual installments (including interest) is handled by the County Auditor in the same manner as property taxes. Property owners are allowed to (and often do) prepay future installments without interest or prepayment penalties.

Once a special assessment roll is adopted, the amount attributed to each parcel is a lien upon that property until full payment is made or the amount is determined to be excessive by the City Council or court action. If special assessments are allowed to go delinquent, the property is subject to tax forfeit sale. Proceeds of sales from tax forfeit properties are allocated first to the County's costs of administering all tax forfeit properties. Pursuant to State Statutes, a property shall be subject to a tax forfeit sale after three years unless it is homesteaded, agricultural or seasonal recreational land in which event the property is subject to such sale after five years.

Government-Wide Financial Statements

The City recognizes special assessment revenue in the period that the assessment roll was adopted by the City Council. Uncollectible special assessments are not material and have not been reported.

Governmental Fund Financial Statements

Revenue from special assessments is recognized by the City when it becomes measurable and available to finance expenditures of the current fiscal period. In practice, current and delinquent special assessments received by the City are recognized as revenue for the current year. Special assessments that are collected by the County by December 31 (remitted to the City the following January) and are also recognized as revenue for the current year. All remaining delinquent, deferred and special deferred assessments receivable in governmental funding are completely offset by deferred inflows of resources of revenues.

J. Inventories

Inventories are valued at cost, on a first-in, first-out basis. The cost of inventory in the Proprietary Funds is recognized as cost of sales or expense of operation at the time the inventory is sold or used.

K. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Accordingly, prepaid items are accounted for using the consumption method, where expense is recognized in the periods that the service or benefit is provided.

L. Land Held for Resale

Land held for resale represents property purchased by the City with the intent to resell in the future for redevelopment. These assets are stated at the lower of cost or net realizable value.

M. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Infrastructure assets that are reported within the government-wide financial statements include assets that were acquired on or after 1960. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. For the year ended December 31, 2014, no interest was capitalized in connection with construction in progress.

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight-line method, while infrastructure assets are depreciated using

the composite method. Capital assets are depreciated over the following estimated useful lives:

<u>Assets</u>	
Buildings and structures	20-50 years
Machinery and equipment	3-15 years
Furniture and fixtures	10 years
Other improvements	10- 50 years
Storm sewers	25 years
Streets	25 years
Street lights	25 years
Distribution and collection systems	50 years

N. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and personal leave pay benefits. In addition, the fire employees are paid one-third of their unused sick pay upon termination. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for governmental fund employees is accrued in the Compensated Absences Fund as they are incurred. In accordance with the provisions of Statement of Government Accounting Standards No. 16, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is vested as severance pay. Compensated absences for governmental funds are accounted for in the Compensated Absences Internal Service Fund.

O. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

P. Fund Equity

In the fund financial statements, governmental funds report fund balance classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

Nonspendable – Consists of amounts that are not in spendable form, such as prepaid items, inventory, and other long-term assets.

Restricted –Consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.

Committed –Consists of internally imposed constraints that are established by resolution of the City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned –Consists of internally imposed constraints. These constraints consist of amounts intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority. Pursuant to City Council resolution, the City's Finance Manager is authorized to establish assignments of fund balance.

Unassigned –The residual classification for the General Fund which also reflects negative residual amounts in other funds.

When both restricted and unrestricted resources are available for use, it is the City's policy to first use restricted resources, and then use unrestricted resources as they are needed.

When committed, assigned, or unassigned resources are available for use, it is the City's policy to use resources in the following order: 1) committed, 2) assigned, and 3) unassigned.

Q. Net position

In the government-wide and proprietary fund financial statements, net position represents the difference between assets and liabilities. Net position is displayed in three components:

Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.

Restricted Net position –Consists of net position restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Unrestricted Net position –All other net positions that do not meet the definition of “restricted” or “invested in capital assets.”

R. Targeted Fund Balance

The City has established a targeted fund balance policy for its General Fund where it will strive to maintain an unassigned fund balance of an amount not less than 40% of the current year end actual General Fund revenues. The dollar amount of the target may fluctuate with each year's actual results.

S. Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Interfund loans are reported as an interfund loan receivable or payable which offsets the movement of cash between funds. All other interfund transactions are reported as transfers.

T. Reclassified

Certain 2013 amounts have been reclassified to conform to the 2014 presentation.

U. Use of Estimates

The preparation of financial statements, in accordance with accounting principles generally accepted in the United States of America, requires management to make estimates that affect amounts reported in the financial statements during the reporting period. Actual results could differ from such estimates.

2. Deposits and Investments

A. Deposits

Minnesota Statutes require that all deposits with financial institutions must be collateralized in an amount equal to 110% of deposits in excess of FDIC insurance. Deposits include checking, savings and certificates of deposits.

B. Investments

The City and HRA is authorized by Minnesota Statutes Chapter 118A to invest in the following:

- a) Direct obligations or obligations guaranteed by the United States or its agencies.
- b) Shares of investment companies registered under the Federal Investment Company Act of 1940 and whose only investments are in securities described in a) above.
- c) General obligations of the State of Minnesota or any of its municipalities.
- d) Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
- e) Commercial paper, issued by United States corporations of their Canadian subsidiaries, of the highest quality, and maturing in 270 days or less.
- f) Repurchase or reverse repurchase agreements with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities in the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
- g) Guaranteed investment contracts (GIC) issued or guaranteed by a United States commercial bank or domestic branch of a foreign bank or a United States insurance company or its Canadian or United States subsidiary.
- h) Mortgage-backed securities that are direct obligations or guaranteed or insured issues of the United States, its agencies, and its instrumentality's, or organizations created by an act of Congress.

The City's investments are categorized by level of risk as provided in GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, in the following manner:

Custodial Credit Risk – For investments, this is the risk that in the event of a failure of the counterparty to an investment transaction (typically a broker-dealer) the City would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policies do not formally address this risk, but the City typically limits its exposure by purchasing insured or registered investments, or by the control of who holds the securities. To protect against potential fraud and embezzlement, the investments of the City and HRA are secured through a third party custody and safekeeping arrangement.

Interest Rate Risk – To control the risk of market price changes, the City's formal investment policy recommends investment maturities shall match the City's projected cash flows. Investments in securities with maturities in excess of two years shall be placed with the intention to hold the security until maturity.

Credit Risk – To control credit risk, investments purchased shall include those authorized by Minnesota Statutes, such as U.S. Government Securities and the highest quality commercial paper. The ratings assigned to these securities are noted in the table below. The City's investment policy does not further address credit risk.

The City participates in the 4M Fund, an external investment pool. The City's investment in the 4M Fund at December 31, 2014 is \$2,599,144. The 4M Fund is regulated by Minnesota Statutes and the Board of Directors of the League of Minnesota Cities. The 4M Fund is an unrated 2a7-like pool and the fair value of the position in the pool is the same as the value of pool shares.

Money market mutual funds invested as part of the City's trust arrangement at Wells Fargo are consist entirely of money market 2a7 funds and is unrated.

Concentration of Credit Risk – The City's investment policy places no limit on the amount the City may invest in any one issuer. Approximately 71% of the City's investments are with U.S. Government Securities.

The following is a summary of the City's and HRA's investments, stated at fair value. The majority of the HRA investments are in the investment pool of the City. Therefore, the HRA investments are not segregated for disclosure.

As of December 31, 2014, the City and HRA had the following investments and maturities:

Investment Type	Investment Maturities (In Years)			Less Than 1 Year	Years 1-5	Years 6-10
	S&P Ratings	% of Total	Fair Value			
<u>U.S Agencies:</u>						
Federal Home Loan Bank	AA+	23.48%	\$10,800,440	\$6,554,637	\$4,245,803	\$-
Federal Home Loan Mortgage Corporation	AA+	12.20%	5,608,440	4,211,580	1,396,860	-
Federal National Mortgage Association	AA+	15.64%	7,194,020	3,526,490	3,667,530	-
Federal Farm Credit	AA+	18.48%	8,497,258	3,999,798	4,497,460	-
Federal Agricultural Mortgage Corporation	AA+	1.09%	500,665	500,665	-	-
<u>Municipal Bonds</u>						
Morris County, New Jersey	AAA	1.09%	500,175	500,175	-	-
Oyster Bay, New York	BBB	2.19%	1,007,270	1,007,270	-	-
Will & Kendall County, Illinois	A+	3.26%	1,500,000	1,500,000	-	-
Certificates of Deposit	N/A	1.08%	498,075	498,075	-	-
<u>Money Markets:</u>						
Money Market Mutual Fund Investments	N/A	15.84%	7,283,856	7,283,856	-	-
External Investment Pool	N/A	5.65%	2,599,144	2,599,144	-	-
Total		100.00%	\$45,989,343	\$32,181,690	\$13,807,653	\$-

3. Capital Assets

Capital asset activity for the year ended December 31, 2014:

	Beginning Balance	Change in Accounting Principle	Beginning Balance Restated	Additions	Deletions	Ending Balance
Primary Government						
Governmental activities:						
Capital assets, not being depreciated:						
Land	\$ 9,232,335	121,270	9,353,605	\$ -	\$ -	\$ 9,353,605
Construction in progress	1,152,789	152,152	1,304,941	1,894,816	(1,688,458)	1,511,299
Total capital assets, not being depreciated	10,385,124	273,422	10,658,546	1,894,816	(1,688,458)	10,864,904
Capital assets, being depreciated:						
Buildings and structures	40,102,134	7,759,487	47,861,621	1,796,798	(473,248)	49,185,171
Machinery and equipment	9,755,200	1,724,021	11,479,221	762,735	(393,049)	11,848,907
Other improvements	4,383,066	788,826	5,171,892	365,933	-	5,537,825
Streets (Infrastructures)	70,810,623	-	70,810,623	32,295	-	70,842,918
Total capital assets, being depreciated	125,051,023	10,272,334	135,323,357	2,957,761	(866,297)	137,414,821
Less accumulated depreciation for:						
Buildings and structures	5,227,395	4,083,064	9,310,459	1,173,081	(450,613)	10,032,927
Machinery and equipment	6,435,313	622,814	7,058,127	789,323	(362,476)	7,484,974
Other improvements	2,297,775	479,908	2,777,683	220,086	-	2,997,769
Streets (Infrastructures)	47,699,963	-	47,699,963	1,735,603	-	49,435,566
Total accumulated depreciation	61,660,446	5,185,786	66,846,232	3,918,093	(813,089)	69,951,236
Total capital assets being depreciated-net	63,390,577	5,086,548	68,477,125	(960,332)	(53,208)	67,463,585
Governmental activities capital assets-net	\$73,775,701	5,359,970	79,135,671	934,484	(1,741,666)	\$78,328,489
Business-type activities:						
Capital assets, not being depreciated:						
Land	\$ 759,943	(121,270)	638,673	-	-	\$ 638,673
Construction in process	2,046,037	(152,152)	1,893,885	1,543,407	(512,685)	2,924,607
Total capital assets, not being depreciated	2,805,980	(273,422)	2,532,558	1,543,407	(512,685)	3,563,280
Capital assets, being depreciated:						
Buildings and structures	16,052,070	(7,759,487)	8,292,583	73,144	-	8,365,727
Machinery and equipment	12,014,906	(1,724,021)	10,290,885	582,505	(7,063)	10,866,327
Other improvements	31,291,180	(788,826)	30,502,354	-	-	30,502,354
Total capital assets, being depreciated	59,358,156	(10,272,334)	49,085,822	655,649	(7,063)	49,734,408
Less accumulated depreciation for:						
Buildings and structures	9,625,277	(4,083,064)	5,542,213	222,906	-	5,765,119
Machinery and equipment	7,327,271	(622,814)	6,704,457	436,527	(7,063)	7,133,921
Other improvements	15,802,849	(479,908)	15,322,941	998,417	-	16,321,358
Total accumulated depreciation	32,755,397	(5,185,786)	27,569,611	1,657,850	(7,063)	29,220,398
Total capital assets being depreciated – net	26,602,759	(5,086,548)	21,516,211	(1,002,201)	-	20,514,010
Business-type activities capital assets - net	\$29,408,739	(5,359,970)	24,048,769	541,206	(512,685)	\$24,077,290

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 482,686
Public safety	60,596
Fire	54,708
Public works, including depreciation of general infrastructure assets	2,064,734
Parks and recreation	609,641
Internal service funds	645,728
Total depreciation expense – governmental activities	<u>\$3,918,093</u>
Business-type activities:	
Liquor operations	\$ 123,996
Water & Sewer utility	1,133,160
Storm Sewer utility	400,694
Total depreciation expense – business-type activities	<u>\$1,657,850</u>

Construction Commitments

At December 31, 2014, the City had construction project contracts in progress. The commitments related to the remaining contract balances are summarized as follows:

<u>Project #</u>	<u>Project</u>	<u>Contract Amount</u>	<u>Remaining Commitment</u>
50000	Liquor Store 1 Tuck pointing	\$ 73,404	\$ 4,384
53004	Taft Lake Richfield Parkway	\$930,607	\$151,969

4. Risk Management

The City is exposed to various risks such as loss related to: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It is the City's policy to be self insured for workers' compensation, dental insurance and short-term disability insurance. Additionally, the City maintains a risk retention program for property, general liability, and auto liability insurance coverage by maintaining high deductibles. Accordingly, a Self-Insurance Fund (an Internal Service Fund) was established to account for and finance the City's uninsured risk of loss. Under this program, the Self Insurance Fund provides coverage for up to a maximum of \$480,000 for each Workers' Compensation claim, and \$50,000 (\$300,000 aggregate) for each general liability and property damage claim. The City purchases insurance from the League of Minnesota Cities Insurance Trust (LMCIT) for property and municipal liability and the Workers' Compensation Reinsurance Association for claims in excess of coverage provided by the Fund and for all other risks of loss. The City has realized no significant reductions in insurance coverage during 2014. Finally, settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Insurance reimbursements to the Self-Insurance Fund are charged back to the affected Governmental and Proprietary funds in the form of an insurance charge to fund future premiums and estimated prior and current year claims. The claims and judgments liability of \$925,687 reported in the fund at December 31, 2014 is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires a liability for claims reported if it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate.

A summary of the claims and judgments liability amount at December 31, 2014 and 2013 are as follows:

	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims & Changes in Estimates</u>	<u>Claim Payments-Net</u>	<u>Balance at Fiscal Year End</u>
2013	\$914,137	349,539	(194,028)	\$1,069,648
2014	\$1,069,648	(43,548)	(100,413)	\$925,687

5. Long-Term Liabilities

The City issues general obligation bonds and capital notes to provide funds for the acquisition and construction of capital projects. The reporting entity and long-term debt is segregated between the amounts repaid from governmental activities and amounts to be repaid from business-type activities.

Redevelopment bonds are paid primarily from tax increments derived from increases in the taxable valuation of property within a redevelopment area in the City. The full faith and credit of the City is pledged on the bonds. Improvement bonds are paid primarily from debt service tax levies and proceeds of special assessments levied against property owners benefiting from improvements made. The full faith and credit of the City is pledged on the bonds. The Water and Sewer Revenue Bonds debt requirements are paid from the revenues of the operation of Water and Sewer Utility

Fund. The Storm Sewer Revenue Bonds debt requirements are paid from net revenue of the operation of the Enterprise – Storm Sewer Utility Fund.

During 2014, the Gross Revenue Ice Arena Bonds, Series 1999, were called and retired. The call was financed with an internal loan to the Ice Arena Special Revenue Fund from the Recreation Enterprise Fund in the amount of \$563,213.

Governmental Activities

As of December 31, 2014, the governmental long-term bonded debt of the financial reporting entity consisted of the following:

	Net Interest Rate	Issue Date	Final Maturity Date	Original Issued	Payable 12/31/14
REDEVELOPMENT BONDS					
G.O. Tax Increment Refunding Bonds, 2010B	3.05%	12/30/2010	2/1/2024	6,355,000	5,100,000
G.O. Tax Increment Refunding Bonds, 2012B	2.25%	9/6/2012	2/1/2025	2,970,000	2,585,000
Total Redevelopment Bonds				9,325,000	7,685,000
IMPROVEMENT BONDS					
G.O. Capital Improvement Bonds Series, 2007A	4.27%	7/10/2007	2/1/2028	4,705,000	3,680,000
G.O. Improvement Bonds, Series 2007B	4.27%	7/10/2007	2/1/2028	4,250,000	3,325,000
G.O. Capital Improvement Bonds Series, 2008A	4.60%	12/23/2008	2/1/2029	9,480,000	8,200,000
G.O. Capital Improvement Bonds Series, 2009A	4.49%	1/14/2009	2/1/2029	4,550,000	3,945,000
G.O. Bonds, 2010A	1.89%	5/19/2010	2/1/2021	1,500,000	140,000
G.O. Street Reconstruction Bonds Series 2012A	2.35%	9/6/2012	2/1/2033	2,120,000	2,050,000
G.O. Improvement Bonds, Series 2013A	2.18%	3/21/2013	2/1/2034	3,120,000	3,120,000
Total Improvement Bonds				29,725,000	24,460,000
TOTAL GOVERNMENTAL INDEBTEDNESS				\$39,050,000	\$32,145,000
ENTERPRISE BONDS					
Gross Revenue Ice Arena Bonds, Series 1999	5.26%	5/1/1999	2/1/2020	1,660,000	-
Water & Sewer Revenue Bonds, Series 2006A	4.21%	5/18/2006	2/1/2027	6,080,000	4,475,000
Storm Sewer Revenue Bonds, Series 2006B	4.07%	12/21/2006	2/1/2027	2,500,000	1,368,326
Water Revenue Bonds, Series 2011A	3.67%	5/18/2011	2/1/2032	1,480,000	1,873,900
G.O. Storm Sewer Bonds, Series 2013B	2.26%	3/21/2013	2/1/2033	2,770,000	2,683,931
TOTAL BUSINESS-TYPE ACTIVITY INDEBTEDNESS				\$14,490,000	\$10,401,157
TOTAL CITY INDEBTEDNESS				\$53,540,000	\$42,546,157

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year	Redevelopment Bonds		Improvement Bonds		Water & Sewer		Storm Sewer	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2015	665,000	197,686	1,900,000	921,212	325,000	224,929	230,000	132,025
2016	680,000	188,451	1,205,000	877,607	335,000	213,063	235,000	125,125
2017	695,000	177,156	1,255,000	833,034	345,000	200,759	245,000	117,975
2018	705,000	163,416	1,290,000	786,336	365,000	187,764	250,000	110,575
2019	720,000	147,146	1,345,000	736,955	375,000	173,900	255,000	102,975
2020-2024	3,960,000	401,307	7,580,000	2,830,423	2,120,000	632,040	1,395,000	390,678
2025-2029	260,000	3,738	8,690,000	1,090,869	1,685,000	185,099	1,255,000	161,721
2030-2034	-	-	1,195,000	80,685	290,000	18,212	650,000	35,299
TOTALS	\$7,685,000	\$1,278,900	\$24,460,000	\$8,157,121	\$5,840,000	\$1,835,766	\$4,515,000	\$1,176,373

Change in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2014, was as follows:

	Beginning Balance	Change in Accounting Principle	Beginning Balance Restated	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities							
Bonds and notes payable:							
Redevelopment Bonds	\$ 8,340,000	-	-	\$-	\$(655,000)	\$7,685,000	\$ 665,000
Improvement Bonds	25,785,000	-	-	-	(1,325,000)	24,460,000	1,900,000
Ice Arena Bonds	-	780,000	780,000	-	(780,000)	-	-
Total bonds and notes payable	34,125,000	780,000	780,000	-	(2,760,000)	32,145,000	2,565,000
Other Liabilities:							
Claims and judgments	1,069,648	-	1,069,648	-	(143,961)	925,687	5,775
Net OPEB obligation	1,142,438	13,153	1,155,591	265,349	(76,292)	1,344,648	-
Compensated absences	1,872,178	14,233	1,886,411	69,013	(17,796)	1,937,628	494,665
Governmental activities long-term liabilities	\$38,209,264	807,386	39,016,650	\$334,362	\$(2,998,049)	\$36,352,963	\$3,065,440
Business – Type Activities							
Bonds and notes payable:							
Ice Arena Bonds	\$ 780,000	\$ (780,000)	\$ -	\$ -	\$ -	\$ -	\$ -
Water & Sewer Revenue Bonds	4,730,000	-	-	-	(255,000)	4,475,000	265,000
Storm Sewer Revenue Bonds	4,745,000	-	-	-	(230,000)	4,515,000	230,000
Water Revenue Bonds	1,425,000	-	-	-	(60,000)	1,365,000	60,000
Premium (Discount) on bonds payable	48,957	-	-	-	(2,800)	46,157	-
Total bonds and notes payable	11,728,957	-	-	-	(547,800)	10,401,157	555,000
Other Liabilities:							
Net OPEB obligation	76,486	(13,153)	63,333	13,578	(3,903)	73,008	-
Compensated absences	289,562	(14,233)	275,329	56,057	(60,334)	271,052	89,202
Business-type activities long-term liabilities	\$12,095,005	(807,386)	11,287,619	\$69,635	\$(612,037)	\$10,745,217	\$644,202

For the governmental activities, compensated absences are generally liquidated by the compensated absences fund. Net OPEB obligations are generally liquidated by the General Fund and Enterprise Funds. Claims and judgments are generally liquidated by the Self Insurance Fund. All long-term bonded indebtedness outstanding at December 31, 2014 is backed by the full faith and credit of the City, including special assessment and revenue bond issues. Special assessment receivable at December 31, 2014 totaled \$590,188.

Revenue Pledged

Future revenue pledged for the payment of long-term debt is as follows:

Bond Issue	Use of Proceeds	Type	Revenue Pledged		Remaining Principal and Interest	Current Year	
			Percent of	Term of Pledge		Principal and Interest Paid	Pledged Revenue Received
			Total Debt Service				
Gross Revenue Ice Arena Bonds, Series 1999	Ice Arena Construction	User Fees	100%	1999-2020	\$-	\$ 818,227	\$-
Water & Sewer Revenue Bonds, Series 2006A	Utility Infrastructure	Utility Charges	100%	2006-2027	5,806,801	444,539	7,222,179
Storm Sewer Revenue Bonds, Series 2006B	Utility Infrastructure	Utility Charges	100%	2006-2027	2,423,427	184,070	1,204,476
Water Revenue Bonds, Series 2011A	Utility Infrastructure	Utility Charges	100%	2012-2032	1,868,965	106,860	3,499,254
G.O. Storm Sewer Bonds, Series 2013B	Utility Infrastructure	Utility Charges	100%	2013-2033	3,267,945	206,717	1,204,476

6. Interfund balances and transactions

Interfund transfers as of December 31, 2014 are as follows:

Transfers out	Transfers in							Total
	General Fund	Ice Arena	Swimming Pool	Improvement Bonds	Capital Improvements	Nonmajor Governmental	Internal Service	
General Fund	-	50,000	30,000	-	-	20,000	-	\$100,000
Capital Improvement	-	-	-	5,361	945,890	-	700,000	\$1,651,251
Nonmajor governmental	-	40,000	-	-	926,000	450,000	60,000	\$1,476,000
Liquor Enterprise	266,460	-	-	-	-	450,000	-	\$716,460
Water & Sewer Utility	-	-	-	-	150,000	-	-	\$150,000
	\$266,460	\$90,000	\$30,000	\$5,361	\$2,021,890	\$920,000	\$760,000	\$4,093,711

Interfund transfers allow the City to allocate financial resources to funds to provide funding for services to be provided or to provide financing for specific capital projects.

In 2009, the City's Recreation Enterprise Fund made an advance to the Park and Recreational Development Capital Project Fund to finance the Lincoln Field Park reconstruction project. The advance was to be repaid over the next five years using funds from the City's Liquor Contribution Special Revenue Fund with 0% interest. However, the final year of payment has been pushed back one year to 2016. In addition, the City's Self Insurance Fund made an advance to the Recreation Enterprise Fund to finance energy improvements at the City's Ice Arena. The term of the advance will be twenty (20) years with a beginning interest rate of 2%. The City Manager is authorized to adjust the interest rate as market conditions may dictate. At December 31, 2014 the balance of the respective advances (due in more than a year) was \$156,740 and \$956,548. The portion of the advances that is due in one year is \$0 and \$58,624 respectively.

In 2011, the City's Capital Improvements Fund made an advance to the Water & Sewer Utility Fund to help provide funding for certain capital projects to be undertaken within the water operation. The advance will be repaid over the next ten years with a 2% interest rate, using funds generated from the water utility operation. The City Manager is authorized to adjust the interest rate as market conditions may dictate. At December 31, 2014, the balance of the advance was \$623,802. The portion of this advance that is due in one year, \$98,843 is included in interfund receivables and payables.

In 2013, the City's Recreation Enterprise Fund made an advance to the Park and Recreational Development Capital Project Fund to finance the Honoring All Veterans Memorial monument located in Veterans Park. The advance will be repaid over the next five years using proceeds received from monument engravings at 0% interest. At December 31, 2014 the portion of the advance that is due in one year is \$19,500, and the portion due in more than one year is \$238,540.

In 2014, the City's Communications Fund made an advance to the Ice Arena Fund to finance the construction of a new locker room at Rink 1. The advance will be repaid over fifteen (15) years with rent received from the tenant of the locker room. In addition, the City's Recreation Fund also made an advance to the Ice Arena Fund to finance the call and retirement of the 1999 Gross Revenue Ice Arena Bonds, Series 1999. The advance will be repaid over six years at a 1% rate of interest, using revenues generated by the Ice Arena operation. Finally, the City's Capital Improvements Fund made an advance to the Richfield Housing and Redevelopment Authority (HRA) to prepay special assessments to be levied against the HRA property as part of the North Richfield Parkway Project. The term of the loan will be twenty (20) years with no principal and interest payments due the first two years and then 1% interest beginning in year three. The repayment of the loan will have three sources in the following priority; land sale proceeds, tax increment revenues and funds of the HRA that are legally available to pay on the loan. At December 31, 2014, the portion of the advances that is due within one year is \$42,764 for the locker room, \$91,539 for the bond retirement and \$0 for the loan to prepay the special assessments. The portions of the loans due in more than one year are \$598,690, \$471,674, and \$780,000 for the locker room, bond retirement and prepay of special assessments.

At the end of 2014, the Ice Arena, Swimming Pool, and Special Facilities funds have overdrawn their cash positions. As a result, the General Fund has advanced to the Ice Arena and Swimming Pool, funds to cover the overdrawn cash position as of December 31, 2014. Accordingly, the Elections Special Revenue Fund has advanced the funds necessary to cover the overdrawn cash position of the Special Facilities fund as of December 31, 2014. These advances are reflected in the financial statements as due to and due from other funds.

Individual fund interfund receivables and payables balances at year-end were as follows:

<u>Due From Other Funds</u>	<u>Due to Other Funds</u>	<u>Amount</u>
Recreation Enterprise Fund	Park and Recreational Development	\$0
Self-Insurance Fund	Ice Arena	\$58,624
Capital Improvement Funds	Water & Sewer Utility	\$98,843
Recreation Enterprise Fund	Park and Recreational Development	\$19,500
Communications Fund	Ice Arena	\$42,764
Recreation Enterprise Fund	Ice Arena	\$91,539
Capital Improvement Funds	Component Unit	\$0
General Fund	Ice Arena	2,060,577
General Fund	Swimming Pool	1,080,348
Elections Fund	Special Facilities	16,547

Individual fund advances to and advances from at year-end were as follows:

<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>	<u>Amount</u>
Recreation Enterprise Fund	Park and Recreational Development	\$156,740
Self-Insurance Fund	Ice Arena	\$956,548
Capital Improvements Funds	Water & Sewer Utility	\$524,958
Recreation Enterprise Fund	Park and Recreational Development	\$238,540
Communications Fund	Ice Arena	\$598,690
Recreation Enterprise Fund	Ice Arena	\$471,674
Capital Improvement Funds	Component Unit	\$780,000

7. Individual Fund Disclosures

Expenditures exceeded appropriations (budget) in the following individual funds for the year ended December 31, 2014:

	<u>Final Budget</u>	<u>Actual</u>	<u>Over Budget</u>
Primary Government:			
Nonmajor Special Revenue Funds:			
Tourism	\$ 11,280	\$ 11,680	\$ 400
Communications	302,740	311,643	\$ 8,903
Drug Forfeiture	56,000	122,283	66,283
Public Safety Compliance	71,210	77,315	6,105
Recreation Contributions	24,200	48,934	24,734
Nature Center Contributions	99,200	127,789	28,589
Community Center Days Out	14,080	23,246	9,166
Wood Lake Half Marathon	69,000	69,163	163
Utility Franchise Fees	95,000	101,137	6,137
Special Facilities	29,170	31,985	2,815

The Park and Recreational Development Capital Projects and the Special Facilities Special Revenue nonmajor governmental funds had deficit fund balances of \$24,509 and \$17,712 respectively, as of December 31, 2014.

8. Fund Balances

The following is a breakdown of equity components of governmental funds which are defined earlier in the report. Any such restrictions which have an accumulated deficit rather than positive balance at December 31 are included in unassigned fund balance in the City's financial statements in accordance with generally accepted accounting principles.

At December 31, 2014, a summary of the City's governmental fund balance classifications are as follows:

	General Fund	Ice Arena	Swimming Pool	Improvement Bonds	Capital Improvements	Other Governmental Funds	Total
Nonspendable							
Prepaid items	\$83,241	\$-	\$-	\$-	\$-	\$7,330	\$ 90,571
Total nonspendable	83,241	-	-	-	-	7,330	90,571
Restricted							
Future debt service	-	-	-	2,397,605	-	-	2,397,605
Future MSA projects	-	-	-	-	415,690	-	415,690
North Richfield Parkway	-	-	-	-	235,588	-	235,588
Cedar Point abatement	-	-	-	-	52,784	-	52,784
Law enforcement drug forfeitures	-	-	-	-	-	213,253	213,253
Public Safety Federal grants	-	-	-	-	-	1,900	1,900
Recreation services donations	-	-	-	-	-	46,730	46,730
Wood Lake Nature Center donations	-	-	-	-	-	56,185	56,185
Public health assessment	-	-	-	-	-	57,712	57,712
Total restricted	-	-	-	2,397,605	704,062	375,780	3,477,447
Committed							
Street Improvements	-	-	-	1,732,789	-	-	1,732,789
Local improvement funding	-	-	-	-	1,220,867	-	1,220,867
Recycling Grant	-	-	-	-	234,583	-	234,583
Park Improvement projects	-	-	-	-	-	132,002	132,002
Tourism administration	-	-	-	-	-	42,199	42,199
Public Cable TV & information activities	-	-	-	-	-	2,043,965	2,043,965
National, State, and Local elections	-	-	-	-	-	705,908	705,908
Alcohol and Tobacco Compliance	-	-	-	-	-	83,939	83,939
Senior Citizen Recreation Programs	-	-	-	-	-	8,471	8,471
Wood Lake Nature Center Donations	-	-	-	-	-	2,956	2,956
Street Maintenance & forestry programs	-	-	-	-	-	1,201,539	1,201,539
Total committed	-	-	-	1,732,789	1,455,450	4,220,979	7,409,218
Assigned							
Debt related expenditures	-	-	-	593,961	-	-	593,961
Future capital projects	-	-	-	-	6,791,083	-	6,791,083
Total assigned	-	-	-	593,961	6,791,083	-	7,385,044
Unassigned							
General Fund	8,414,671	-	-	-	-	-	8,414,671
Ice Arena	-	(4,201,967)	-	-	-	-	(4,201,967)
Swimming Pool	-	-	(1,082,825)	-	-	-	(1,082,825)
Special Facilities	-	-	-	-	-	(17,712)	(17,712)
Park Improvement projects	-	-	-	-	-	(24,509)	(24,509)
Total unassigned	8,414,671	(4,201,967)	(1,082,825)	-	-	(42,221)	3,087,658
Total	\$8,497,912	\$(4,201,967)	\$(1,082,825)	\$4,724,355	\$8,950,595	\$4,561,868	\$21,449,938

9. Contingencies and Litigation

The City is currently involved in various pending litigation cases. After evaluation by the City's attorney it is believed that the resolution of these cases will not have a material impact on the financial statements.

The City has entered into an agreement with the Metropolitan Airports Commission (MAC), where the City will purchase certain right-of-way-properties as part of the 66th Street/17th Avenue intersection constructed in 2007. As part of the agreement, MAC will provide to the City the funds necessary to finance the right-of-way acquisitions. In addition, the City agrees to repay to MAC payments made by MAC to the City for the right-of-way acquisitions. However, within the agreements there are specific provisions that must be met in order for repayment to MAC to occur.

The cumulative amount of funds provided to the City for right-of-way acquisitions as of December 31, 2014 by MAC is \$1,080,779. In 2014 the City received no funds from MAC for right of way acquisitions as part of the intersection project. This potential liability is not recorded on the financial statements. The likelihood of the specific provisions being met is considered remote.

10. Defined Benefit Pension Plans - Statewide

A. Plan Description

All full-time and certain part-time employees of the City of Richfield are covered by defined benefit plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF) and the Public Employees Police and Fire Fund (PEPFF) which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with *Minnesota Statutes*, Chapters 353 and 356.

GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan. All police officers, firefighters and peace officers who qualify for membership by statute are covered by the PEPFF.

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by State Statute, and vest after five years of credited service. The defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first 10 years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first 10 years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For PEPFF members, the annuity accrual rate is 3.0 percent for each year of service. The annuity accrual rate is 1.9 percent for each year of service for PEPFF members. For all PEPFF members, and GERF members hired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 55 for PEPFF members and 65 for Basic and Coordinated members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

There are different types of annuities available to members upon retirement. A single-life annuity is a lifetime annuity that ceases upon the death of the retiree--no survivor annuity is payable. There are also various types of joint and survivor annuity options available which will be payable over joint lives. Members may also leave their contributions in the fund upon termination of public service in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service, but before retirement benefits begin.

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERF and PEPFF. That report may be obtained on the internet at www.mnpera.org, by writing to PERA, 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088 or by calling (651)296-7460 or 1-800-652-9026.

B. Funding Policy

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the State Legislature. The City makes annual contributions to the pension plans equal to the amount required by state statutes. GERP Basic Plan members and Coordinated Plan members were required to contribute 9.1 percent and 6.25 percent, respectively, of their annual covered salary in 2014. PEPFF members were required to contribute 10.2 percent of their annual covered salary in 2014. In 2014, the City was required to contribute the following percentages of annual covered payroll: 11.78 percent for Basic Plan GERP members, 7.25 percent for Coordinated Plan members, and 15.3 percent for PEPFF members. The City's contributions for the past three years ending December 31, which were equal to the contractually required contributions for each year as set by state statutes, were as follows:

<u>Year Ended</u> <u>December 31</u>	<u>GERP</u>	<u>PEPFF</u>
2012	\$650,160	\$791,655
2013	\$670,510	\$823,341
2014	\$667,767	\$858,155

Contribution rates will increase on January 1, 2015 in the Coordinated Plan (6.5% for members and 7.5% for employers) and the PEPFF (10.8% for members and 16.2% for employers).

11. Other Post Employments Benefits

A. Plan Description

The City provides post-employment insurance benefits to certain eligible employees as required by State law, through a single-employer defined benefit plan administered by the City. All post-employment benefits are based on contractual agreements with employee groups. These contractual agreements do not include any specific contribution or funding requirements. The plan does not issue a publicly available financial report. These benefits are summarized as follows:

Post-Employment Insurance Benefits – All retirees of the City have the option under state law to continue their medical insurance coverage through the City from the time of retirement until the employee reaches the age of eligibility for Medicare. For members of all employee groups, the retiree must pay the full premium to continue coverage for medical and dental insurance.

The City is legally required to include any retirees for whom it provides health insurance coverage in the same insurance pool as its active employees, whether the premiums are paid by the City or the retiree. Consequently, participating retirees are considered to receive a secondary benefit known as an "implicit rate subsidy." This benefit relates to the assumption that the retiree is receiving a more favorable premium rate than they would otherwise be able to obtain if purchasing insurance on their own, due to being included in the same pool with the City's younger and statistically healthier active employees.

B. Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to pre-fund benefits as determined annually by the City. There is no invested plan assets accumulated for payment of future benefits.

C. Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB cost (expense) is calculated based on annual required contributions (ARC) of the City, an amount determined on an actuarially determined basis in accordance with the parameters of GASB Statement Nos. 43 and 45. The ARC represents a level funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the City's net OPEB obligation to the plan:

	2014
Annual required contribution	\$ 270,094
Interest on net OPEB obligation	54,852
Adjustment to annual required contribution	(46,018)
Annual OPEB cost (Expense)	278,928
Contributions made	80,196
Increase in net OPEB obligation	198,732
Net OPEB obligation – beginning of year	1,218,924
Net OPEB obligation – end of year	\$1,417,656

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ended 2012, 2013, and 2014 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2012	\$266,486	\$61,047	22.9%	\$1,021,838
December 31, 2013	\$276,155	\$79,069	28.6%	\$1,218,924
December 31, 2014	\$278,928	\$80,196	28.75%	\$1,417,656

D. Funded Status and Funding Progress

As of January 1, 2014, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$2,674,636, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,674,636. The covered payroll (annual payroll of active employees covered by the plan) was \$13,098,666 and the ratio of the UAAL to the covered payroll was 20.4 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and ARCs of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress immediately following the notes to the basic financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included: a 4.5 percent discount, Pay-As-You-Go funding, Projected Unit Credit actuarial cost method, an annual health care cost trend rate of 9.0 percent initially, which includes a 3% inflation rate, reduced by decrements to an ultimate rate of 5.0 percent after twelve years for medical insurance, a 30 year open amortization period of the UAAL increasing at 3.75% per year using the payroll growth rate and with the level percentage of payroll amortization method. The 30 year open amortization base period resets to 30 years at each valuation date.

12. Right-of-Way

In 2002 the City acquired three properties for a total cost of \$7,000,000 for Interstate 494 widening right-of-way under the Metropolitan Council Right-of-Way Acquisition Loan Fund (RALF).

Under the RALF program, the City is obligated to return to the Metropolitan Council the proceeds of all RALF properties sold to the State of Minnesota. These RALF obligations and related properties have not been recorded since they do not represent true resources or liabilities of the City.

13. Conduit Debt

From time to time, the City has issued various industrial development revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. Finally, the City does not track the remaining outstanding principal balances on conduit debt, as the City does not have any obligation toward the debt.

As of December 31, 2014 there were five bond issues outstanding with an estimated aggregate principal amount outstanding of approximately \$32,634,803.

As part of the Richfield Senior Housing Inc. refunding, Richfield Senior Housing Inc. requested, and the City agreed, to defer the annual administrative fee charged on the outstanding principal balance of the bonds until the final maturity December 1, 2039 or a subsequent refunding of the bonds. The deferral of the annual administrative fee is estimated to be approximately \$600,000.

14. Limited Pay-As-You-Go Notes

The Richfield Housing and Redevelopment Authority (HRA) have issued Limited Revenue Pay-as-you-go Notes for the purpose of helping to finance various tax increment and tax abatement projects. These notes are not general obligations of the HRA as they are payable only to the extent of the future increments received. The cash flows of the notes have been updated to show the amount of the original note, per the development agreement, rather than the present value which had been used in the past. Accordingly, total pay-as-you-go notes at December 31, 2014 equal \$90,889,615.

15. Deferred Loan Program

The City's Housing and Rehabilitation Authority (HRA), as part of its home remodeling program, has issued several hundred home remodeling deferred loans. The funding source of the loans is Federal Community Development Block Grants. The loans are for 30-year terms, there is no interest charge, no monthly payment, and loan recipients must meet certain income requirements in order to qualify for the loans. The loans are only repaid if the remodeled home is sold prior to the expiration of the 30-year loan term. At the end of 2006, the City turned over the loan portfolio and administration of all loans to Hennepin County.

16. Federal and State Funds

The City received financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the applicable fund. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2014.

17. Nature and Amount of Significant Transactions between City – HRA

As noted in note 1, the HRA was established for the purpose to provide housing and redevelopment assistance to Richfield residents and businesses. The structure of the HRA is that it has no employees per se; however, it has a contract with the City where the City's Community Development department is to provide services as needed. Accordingly, the City charges the HRA for labor provided, data processing services, and office supplies, etc. In addition, to help fund redevelopment projects, the City will issue long term debt on behalf of the HRA. At the same time the HRA enters into a pledge agreement with the City whereby the HRA pledges future tax increment receipts generated by the redevelopment to service the debt issued.

During 2014, the HRA transferred to the City \$861,086 of tax increment receipts to fund debt service requirements for debt issued on behalf of the HRA. In addition, during 2014, the City transferred \$47,370 to the HRA to fund future internal loan payments.

Finally, during 2013, as part of the North Richfield Parkway project, the City purchased several properties with the future intent to convey the properties to the HRA for future redevelopment of the site. Funding for the property purchases was provided by the \$3,120,000 G.O. Improvement Bonds, Series 2013A. The bonds were issued with a debt service structure of 75% to be paid with

a debt service tax levy and 25% to be paid by special assessments levied against the HRA, once the properties were conveyed to the HRA. The amount of the special assessment was \$780,000.

During 2014, the City conveyed the properties to the HRA at a value of \$704,639 and levied the planned special assessments against the HRA. As part of the special assessment process the HRA prepaid the \$780,000 with funding provided by the City in the form of an inter fund loan from the City's Capital Improvement Fund.

The term of the loan will be twenty (20) years with no principal and interest payments due the first two years and then payment beginning in year three with an interest rate of 1%. The repayment of the loan will have three sources in the following priority; land sale proceeds, tax increment revenues and funds of the HRA that are legally available to pay on the loan.

18. Joint Venture

Local Government Information Systems Association (LOGIS):

This consortium of approximately 30 government entities provides computerized data processing and support services to its members. LOGIS is legally separate; the City does not appoint a voting majority of its board, and the Consortium is fiscally independent of the City. The total amount recorded within the 2014 financial statements of the City was \$571,559 for services provided, which is allocated to the various funds based on applications. Complete financial statements may be obtained at the LOGIS offices located at 5750 Duluth Street, Golden Valley, Minnesota 55422.

19. Service Concession Arrangement

The City has entered into an agreement with Wheel Fun Rentals LLC, where Wheel Fun Rentals will manage the City's Mini-Golf facility, concession sales, and bicycle rental operations during the April – September period of operation.

The City will continue to own existing assets of the operation. Any new equipment purchased by Wheel Fun Rentals for the operation of the facility will be the property of Wheel Fun Rentals. As compensation for operating the facility, Wheel Fun Rentals will retain gross revenues from the mini-golf facility, concessions and bike rental. Wheel Fun Rentals will pay to the City \$6,000 per season plus 7.5% of gross revenues from mini-golf fees, concession sales and bike rentals, not to exceed a combined total of \$12,000 per season.

Wheel Fun Rentals will be responsible for managing the facility, setting hours of operation and rates, with City approval, provide sufficient staffing to operate, maintain and repair the facility during the operating season, pay utilities associated with the operation, purchase and maintain a food license, and purchase and hold the necessary insurance coverage for such an operation.

20. Joint Powers Agreement – I-494 Corridor Commission

The I-494 Corridor Commission is a joint powers organization established in 1986 to address concerns about increasing traffic congestion along the I-494 Corridor. The commission works to encourage economic growth and regional prosperity through improved transportation options. It works with businesses, residents and agencies to accomplish these goals.

The board of the commission includes representatives from each of the five member cities, Bloomington, Edina, Eden Prairie, Minnetonka, and Richfield. It partners with the Minnesota Department of Transportation, the Metropolitan Council, and the private business community to achieve common regional transportation goals and policies.

Each member city will perform the treasury function for the commission for a two year term. The City of Richfield's most recent term started on January 1, 2013 and will conclude on December 31, 2014. Accordingly, the City has reported the activity of the Commission as a Fiduciary Fund for the year ending December 31, 2014.

21. Cumulative Effect on Change in Accounting Principle

In 2014 the City reclassified three components of the Recreation Enterprise Fund, the Ice Arena, Swimming Pool, and Special Facilities operations, from an Enterprise Fund to three Special Revenue Funds. City management believes that the Special Revenue Fund type more accurately represents the activity of these three operations and that this fund type will be a more transparent approach. The change acknowledges that the three new funds may or may not be able to generate enough fee revenue to support operational costs but that management believes the businesses to be of general benefit to the community and as such, will support the existence of the operations by supplemental funding if necessary.

During 2014, the following cumulative effect of change in accounting principle adjustment was made due to the fund type reclassification:

Government Wide Financial Statements		
	Governmental Activities	Business-Type Activities
Fund Balance December 31, 2013 – as previously reported	\$-	\$490,829
Current assets	(2,833,012)	2,833,012
Capital assets	10,545,756	(10,545,756)
Accumulated depreciation	(5,185,786)	5,185,786
Current Liabilities	(156,106)	156,106
Interfund loan payable	(1,072,637)	1,072,637
Bonds payable	(780,000)	780,000
Other postemployment benefits	(13,153)	13,153
Compensated absences payable	(14,233)	14,233
Cumulative effect of change in accounting principle	490,829	(490,829)
Fund balance, January 1, 2014	\$490,829	\$-

Fund Financial Statements		
	Governmental Funds	Enterprise Funds
Fund Balance December 31, 2013 – as previously reported	\$-	\$ 490,829
Current assets	(2,833,012)	2,833,012
Capital assets	-	(10,545,756)
Accumulated depreciation	-	5,185,786
Current Liabilities	(156,106)	156,106
Interfund loan payable	(1,072,637)	1,072,637
Bonds payable	-	780,000
Other postemployment benefits	-	13,153
Compensated absences payable	-	14,233
Cumulative effect of change in accounting principle	(4,061,755)	(490,829)
Fund balance, January 1, 2014	\$(4,061,755)	\$-

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF RICHFIELD, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For The Year Ended December 31, 2014

Schedule 10
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	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Taxes:				
Current ad valorem	\$ 11,008,470	\$ 11,008,470	\$ 12,155,430	\$ 1,146,960
Fiscal disparities	3,564,880	3,564,880	3,074,609	(490,271)
Total Taxes	14,573,350	14,573,350	15,230,039	656,689
Fees and Fines:				
Municipal court fines	325,000	370,000	386,139	16,139
Total Fees and Fines	325,000	370,000	386,139	16,139
Licenses and Permits:				
Business licenses	303,800	346,700	305,117	(41,583)
Nonbusiness licenses and permits	581,600	512,600	725,629	213,029
Total Licenses and Permits	885,400	859,300	1,030,746	171,446
Intergovernmental Revenues:				
Federal :				
Grants	132,350	110,030	221,072	111,042
State:				
Local government aid	300,000	300,000	300,000	-
Fire State Aid	164,100	161,400	141,794	(19,606)
Grants - other	21,160	20,000	64,013	44,013
Police State Aid	330,000	338,000	371,791	33,791
Law officer training	14,000	14,700	13,516	(1,184)
State-aid street maintenance	310,140	324,310	324,318	8
County -				
Community health services	134,380	134,310	134,313	3
Grants - other	31,360	31,190	27,169	(4,021)
Total Intergovernmental Revenue	1,437,490	1,433,940	1,597,986	164,046
Charges for Services:				
General Government	699,290	785,690	899,287	113,597
Deputy Registrar	499,000	555,000	664,473	109,473
Public Safety	32,100	26,200	60,729	34,529
Park and Recreation	314,380	330,510	375,934	45,424
Nature Center	87,200	85,300	72,930	(12,370)
Total Charges for Services	1,631,970	1,782,700	2,073,353	290,653
Investment Earnings				
Investment Earnings	11,000	4,500	13,666	9,166
Total Investment Earnings	11,000	4,500	13,666	9,166
Miscellaneous Revenues:				
Rent	13,160	13,160	13,160	-
Recovery - damage to City property	8,000	3,000	3,272	272
Other	66,500	56,400	74,070	17,670
Total Miscellaneous Revenues	87,660	72,560	90,502	17,942
Total Revenues	\$ 18,951,870	\$ 19,096,350	\$ 20,422,431	\$ 1,326,081

CITY OF RICHFIELD, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For The Year Ended December 31, 2014

Schedule 10
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	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
EXPENDITURES:				
LEGISLATIVE/EXECUTIVE				
Mayor - Council:				
Personnel services	\$ 110,850	\$ 111,370	\$ 112,872	\$ 1,502
Other services and charges	90,120	144,360	165,819	21,459
Total	200,970	255,730	278,691	22,961
Other Agencies:				
Personnel services	26,620	26,620	26,620	-
Other services and charges	70,480	70,480	70,480	-
Total	97,100	97,100	97,100	-
City Manager:				
Personnel services	179,260	174,120	175,456	1,336
Other services and charges	32,830	33,010	29,008	(4,002)
Total	212,090	207,130	204,464	(2,666)
Legal:				
Other services and charges	306,860	305,420	255,799	(49,621)
Total	306,860	305,420	255,799	(49,621)
Total Legislative/Executive	817,020	865,380	836,054	(29,326)
ADMINISTRATIVE SERVICES:				
Administration:				
Personnel services	21,960	21,880	(76,619)	(98,499)
Other services and charges	100,520	100,910	98,702	(2,208)
Total	122,480	122,790	22,083	(100,707)
Human Resources:				
Personnel services	1,100	18,870	26,706	7,836
Other services and charges	22,280	24,660	14,455	(10,205)
Total	23,380	43,530	41,161	(2,369)
Finance:				
Personnel services	212,700	207,580	180,110	(27,470)
Other services and charges	53,900	55,780	53,666	(2,114)
Total	266,600	263,360	233,776	(29,584)
City Clerk:				
Personnel services	365,620	371,710	429,170	57,460
Other services and charges	55,990	56,880	63,183	6,303
Total	421,610	428,590	492,353	63,763
Assessing:				
Personnel services	87,370	89,580	89,170	(410)
Other services and charges	281,930	281,580	266,677	(14,903)
Total	369,300	371,160	355,847	(15,313)
Total Administrative Services	1,203,370	1,229,430	1,145,220	(84,210)
PUBLIC SAFETY:				
Administrative Support Services:				
Personnel services	448,450	445,190	447,807	2,617
Other services and charges	431,370	416,540	407,769	(8,771)
Total	879,820	861,730	855,576	(6,154)
Police Operations:				
Personnel services	5,744,170	5,443,410	5,157,271	(286,139)
Other services and charges	1,341,250	1,588,050	1,535,588	(52,462)
Total	7,085,420	7,031,460	6,692,859	(338,601)

CITY OF RICHFIELD, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For The Year Ended December 31, 2014

Schedule 10
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	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Emergency Services:				
Personnel services	7,440	7,440	7,440	-
Other services and charges	16,220	16,220	14,785	(1,435)
Total	23,660	23,660	22,225	(1,435)
Total Public Safety	7,988,900	7,916,850	7,570,660	(346,190)
FIRE:				
Fire Protection:				
Personnel services	3,115,370	3,122,560	3,028,125	(94,435)
Other services and charges	524,090	542,410	533,318	(9,092)
Capital outlay	60,000	42,290	42,286	(4)
Total	3,699,460	3,707,260	3,603,729	(103,531)
Total Fire	3,699,460	3,707,260	3,603,729	(103,531)
COMMUNITY DEVELOPMENT:				
Administration:				
Personnel services	193,210	191,520	225,462	33,942
Other services and charges	89,040	85,040	75,065	(9,975)
Total	282,250	276,560	300,527	23,967
Economic Development:				
Personnel services	64,120	67,370	62,950	(4,420)
Other services and charges	62,530	36,390	30,387	(6,003)
Total	126,650	103,760	93,337	(10,423)
Inspection:				
Personnel services	740,830	736,610	735,622	(988)
Other services and charges	177,580	186,210	168,500	(17,710)
Total	918,410	922,820	904,122	(18,698)
Total Community Development	1,327,310	1,303,140	1,297,986	(5,154)
PUBLIC WORKS:				
Administration:				
Personnel services	138,440	145,630	104,291	(41,339)
Other services and charges	30,540	23,350	24,967	1,617
Total	168,980	168,980	129,258	(39,722)
Engineering:				
Personnel services	215,930	191,760	230,264	38,504
Other services and charges	108,250	130,700	96,573	(34,127)
Total	324,180	322,460	326,837	4,377
Streets:				
Personnel services	675,370	684,870	703,542	18,672
Other services and charges	1,318,670	752,850	737,757	(15,093)
Total	1,994,040	1,437,720	1,441,299	3,579
Park Maintenance:				
Personnel services	703,270	681,590	729,973	48,383
Other services and charges	508,670	530,230	485,537	(44,693)
Total	1,211,940	1,211,820	1,215,510	3,690
Forestry:				
Personnel services	305,040	311,420	324,110	12,690
Other services and charges	228,520	236,690	242,144	5,454
Total	533,560	548,110	566,254	18,144
Total Public Works	4,232,700	3,689,090	3,679,158	(9,932)

CITY OF RICHFIELD, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For The Year Ended December 31, 2014

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	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
RECREATION SERVICES:				
Recreation Services Administration:				
Personnel services	252,490	256,080	259,422	3,342
Other services and charges	75,350	76,330	72,670	(3,660)
Total	327,840	332,410	332,092	(318)
Recreation Programs:				
Personnel services	602,410	598,440	591,517	(6,923)
Other services and charges	288,750	303,030	310,139	7,109
Total	891,160	901,470	901,656	186
Wood Lake Nature Center:				
Personnel services	398,510	394,560	387,751	(6,809)
Other services and charges	87,060	88,660	88,853	193
Total	485,570	483,220	476,604	(6,616)
Total Recreation Services	1,704,570	1,717,100	1,710,352	(6,748)
Total Expenditures	\$ 20,973,330	\$ 20,428,250	\$ 19,843,159	\$ (585,091)
Revenues over (under) expenditures	\$ (2,021,460)	\$ (1,331,900)	\$ 579,272	\$ 1,911,172
Other financing sources (uses):				
Transfer from Special Revenue Funds	150,000	150,000	-	(150,000)
Transfer from Debt Service Funds	935,000	426,760	-	(426,760)
Transfer from Capital Project Funds	670,000	588,680	-	(588,680)
Transfer from Enterprise Funds	266,460	266,460	266,460	-
Transfer to Special Revenue Funds	-	(100,000)	(100,000)	-
Total other financing sources (uses)	2,021,460	1,331,900	166,460	(1,165,440)
Net increase in fund balance	-	-	745,732	745,732
Fund balance - January 1	7,752,180	7,752,180	7,752,180	-
Fund Balance - December 31	\$ 7,752,180	\$ 7,752,180	\$ 8,497,912	\$ 745,732

CITY OF RICHFIELD, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - ICE ARENA FUND
For the Year Ended December 31, 2014

Schedule 11

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Over
				(Under)
Revenues:				
Charges for Services	\$ 928,850	\$ 928,850	\$ 930,977	\$ 2,127
Investment Earnings	100	100	302	202
Miscellaneous	43,950	43,950	28,101	(15,849)
Total Revenues	<u>972,900</u>	<u>972,900</u>	<u>959,380</u>	<u>(13,520)</u>
Expenditures:				
Current				
Personnel services	387,580	387,580	416,310	28,730
Other services and charges	433,630	433,630	437,330	3,700
Debt Service				
Principal	-	-	780,000	780,000
Interest	59,600	59,600	55,056	(4,544)
Capital outlay	480,000	480,000	542,129	62,129
Total Expenditures	<u>1,360,810</u>	<u>1,360,810</u>	<u>2,230,825</u>	<u>870,015</u>
Excess of revenues under expenditures	<u>(387,910)</u>	<u>(387,910)</u>	<u>(1,271,445)</u>	<u>(883,535)</u>
Other Financing Sources:				
Transfers in:				
General Fund	50,000	50,000	50,000	-
Capital Project Fund	40,000	40,000	40,000	-
Net Other Financing Sources:	<u>90,000</u>	<u>90,000</u>	<u>90,000</u>	<u>-</u>
Net decrease in fund balance	(297,910)	(297,910)	(1,181,445)	(883,535)
Fund Balance - January 1	-	-	-	-
Cumulative effect of change in accounting principle	(3,020,522)	(3,020,522)	(3,020,522)	-
Fund Balance - January 1 - Restated	<u>(3,020,522)</u>	<u>(3,020,522)</u>	<u>(3,020,522)</u>	<u>-</u>
Fund Balance - December 31	<u>\$ (3,318,432)</u>	<u>\$ (3,318,432)</u>	<u>\$ (4,201,967)</u>	<u>\$ (883,535)</u>

CITY OF RICHFIELD, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - SWIMMING POOL FUND
For the Year Ended December 31, 2014

Schedule 12

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Over
				(Under)
Revenues:				
Charges for services	\$ 298,090	\$ 298,090	\$ 229,103	\$ (68,987)
Miscellaneous	300	300	59,688	59,388
Total Revenues	<u>298,390</u>	<u>298,390</u>	<u>288,791</u>	<u>(9,599)</u>
Expenditures:				
Current				
Personnel services	197,310	197,310	187,579	(9,731)
Other services and charges	196,840	196,840	206,531	9,691
Total Expenditures	<u>394,150</u>	<u>394,150</u>	<u>394,110</u>	<u>(40)</u>
Excess of revenues under expenditures	<u>(95,760)</u>	<u>(95,760)</u>	<u>(105,319)</u>	<u>(9,559)</u>
Other Financing Sources:				
Transfers in:				
General Fund	30,000	30,000	30,000	-
Net Other Financing Sources:	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>
Net decrease in fund balance	(65,760)	(65,760)	(75,319)	(9,559)
Fund Balance - January 1	-	-	-	-
Cumulative effect of change in accounting principle	(1,007,506)	(1,007,506)	(1,007,506)	-
Fund Balance - January 1 - Restated	<u>(1,007,506)</u>	<u>(1,007,506)</u>	<u>(1,007,506)</u>	<u>-</u>
Fund Balance - December 31	<u>\$ (1,073,266)</u>	<u>\$ (1,073,266)</u>	<u>\$ (1,082,825)</u>	<u>\$ (9,559)</u>

CITY OF RICHFIELD, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST-EMPLOYMENT BENEFITS PLAN
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Accrued Liability	Actuarial Value of Plan Assets	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Payroll
January 1, 2008	\$ 3,347,505	\$ -	\$ 3,347,505	-	\$ 13,254,399	25.3%
January 1, 2010	\$ 2,573,782	\$ -	\$ 2,573,782	-	\$ 12,903,221	19.9%
January 1, 2012	\$ 2,528,372	\$ -	\$ 2,528,372	-	\$ 13,137,406	19.2%
January 1, 2014	\$ 2,674,636	\$ -	\$ 2,674,636	-	\$ 13,098,666	20.4%

**CITY OF RICHFIELD, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
DECEMBER 31, 2014**

Note 1 Legal Compliance – Budgets

Budgets for the General Fund are adopted on a basis consistent with generally accepted accounting principles. The legal level of budgetary control is at the department level for the General Fund. At December 31, 2014, there were no General Fund departments whose expenditures exceeded budget appropriations.

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND
SCHEDULES**

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

A Special Revenue Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified programs.

GENERAL OBLIGATION REDEVELOPMENT BONDS FUND

This fund is used to account for the accumulation of resources from tax increment for and the payment of, interest and principal on general obligation long-term debt. It has been established in accordance with bond indentures.

PARK AND RECREATIONAL DEVELOPMENT CAPITAL PROJECTS FUND

This fund accounts for financial resources to be used for the acquisition or construction of major park recreational and cultural development capital improvement purposes.

**CITY OF RICHFIELD, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2014**

Statement 14

	Special Revenue	Redevelopment Bonds	Park and Recreational Development Capital Projects	Total Nonmajor Governmental Funds
Assets				
Cash and investments	\$ 3,311,484	-	\$ 462,691	\$ 3,774,175
Due from other governments	20,316	-	-	20,316
Receivables, net	681,373	-	-	681,373
Due from other funds	59,311	-	-	59,311
Prepaid items	7,330	-	-	7,330
Advances to other funds	598,690	-	-	598,690
Total assets	\$ 4,678,504	\$ -	\$ 462,691	\$ 5,141,195
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 61,326	-	\$ 72,420	\$ 133,746
Accrued salaries and benefits	5,261	-	-	5,261
Due to other funds	16,547	-	19,500	36,047
Payable to other governments	8,993	-	-	8,993
Advances from other funds	-	-	395,280	395,280
Total liabilities	92,127	-	487,200	579,327
Fund balances				
Nonspendable	7,330	-	-	7,330
Restricted	375,780	-	-	375,780
Committed	4,220,979	-	-	4,220,979
Unassigned	(17,712)	-	(24,509)	(42,221)
Total fund balances	4,586,377	-	(24,509)	4,561,868
Total liabilities and fund balances	\$ 4,678,504	\$ -	\$ 462,691	\$ 5,141,195

CITY OF RICHFIELD, MINNESOTA
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE**
NONMAJOR GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2014

Statement 15

	Special Revenue	Redevelopment Bonds	Park and Recreational Development Capital Projects	Total Nonmajor Governmental Funds
REVENUES:				
Franchise taxes	\$ 1,973,751	\$ -	\$ -	\$ 1,973,751
Fees and fines	107,808	-	-	107,808
Intergovernmental	161,751	861,087	-	1,022,838
Investment earnings	10,914	-	921	11,835
Miscellaneous	506,306	-	39,588	545,894
Total revenues	<u>2,760,530</u>	<u>861,087</u>	<u>40,509</u>	<u>3,662,126</u>
EXPENDITURES:				
Current:				
Administrative Services	497,213	-	-	497,213
Public Safety	190,738	-	-	190,738
Recreation Services	235,656	-	14,171	249,827
Debt Service				
Principal	-	655,000	-	655,000
Interest and other charges	-	206,087	-	206,087
Capital Outlay:				
Administrative Services	41,523	-	-	41,523
Public Safety	40,890	-	-	40,890
Recreation Services	65,461	-	396,219	461,680
Total expenditures	<u>1,071,481</u>	<u>861,087</u>	<u>410,390</u>	<u>2,342,958</u>
Excess (deficiency) of revenues over expenditures	<u>1,689,049</u>	<u>-</u>	<u>(369,881)</u>	<u>1,319,168</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	470,000	-	450,000	920,000
Transfers out	(1,436,000)	-	(40,000)	(1,476,000)
Total other financing sources and uses	<u>(966,000)</u>	<u>-</u>	<u>410,000</u>	<u>(556,000)</u>
Net increase in fund balance	723,049	-	40,119	763,168
Fund balances (deficit) - January 1	3,897,055	-	(64,628)	3,832,427
Cumulative effect of change in accounting principle	(33,727)	-	-	(33,727)
Fund balances (deficit) - January 1 - Restated	<u>3,863,328</u>	<u>-</u>	<u>(64,628)</u>	<u>3,798,700</u>
Fund balances (deficit) - December 31	<u>\$ 4,586,377</u>	<u>\$ -</u>	<u>\$ (24,509)</u>	<u>\$ 4,561,868</u>

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NONMAJOR SPECIAL REVENUE FUNDS

Liquor Contributions Fund is maintained according to Section 7.12, Subdivision 2 of the City Charter. Its primary purpose is to receive profits from the municipal off-sale liquor operations, which are restricted in use to financing capital improvements of the type which would be financed by a general obligation bond issue. Project appropriations are authorized by ordinance.

The **Tourism Administration Fund** is maintained to account for the collection of lodging taxes and subsequent payment to the Richfield Tourism Promotion Board.

The **Communications Fund** is maintained to account for the quarterly cable franchise fee received and cable television city communication activities.

The **Elections Fund** was created to better account for the cost fluctuations in conducting elections. The revenue source is rental revenue derived from leases with cell phone carriers.

The **Drug/Forfeiture Fund** is maintained according to federal regulations and is used to account for monies allocated to the City and spent according to their guidelines.

The **911 Fees Fund** is maintained to account for money received from the State of Minnesota for 911 dispatching services.

The **Public Safety Compliance Fund** is maintained to account for the collection of funds from the sale of recovered property, and fines collected from violations of alcohol and tobacco compliance checks.

Contributions – Recreation, and Nature Center are used to account for private donations restricted by the donor to certain programs or used for the parks, Nature Center and recreation programs.

The **Community Center Days Out Fund** is maintained to account for specific recreation day out programs.

The **Public Health Grants Fund** was created to account for grant funds received for enhancing the health and environmental well being of the community.

The **Wood Lake Half Marathon Fund** was created to separately account for the proceeds and costs associated with the Half Marathon race held at Wood Lake Nature Center.

The **Utility Franchise Fee Fund** was created to account for gas and electric franchise fees received from gas and electric public utilities.

The **Special Facilities Fund** is used to account for the City's mini golf and picnic shelter operations at Veteran's Memorial Park.

CITY OF RICHFIELD, MINNESOTA
SUBCOMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2014

	Liquor Contributions Fund	Tourism Admin	Communications	Elections	Drug/ Forfeiture	911 Fees
ASSETS						
Cash and investments	\$ 132,002	\$ 42,199	\$ 1,304,924	\$ 601,684	\$ 219,864	\$ -
Due from other governments	-	-	-	-	-	-
Receivables, net	-	-	103,429	120,676	-	-
Due from other funds	-	-	42,764	16,547	-	-
Prepaid items	-	-	7,330	-	-	-
Advances to other funds	-	-	598,690	-	-	-
Total Assets	<u>\$ 132,002</u>	<u>\$ 42,199</u>	<u>\$ 2,057,137</u>	<u>\$ 738,907</u>	<u>\$ 219,864</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ 581	\$ 32,999	\$ 6,395	\$ -
Accrued salaries and benefits	-	-	5,261	-	-	-
Due to other funds	-	-	-	-	-	-
Payable to other governments	-	-	-	-	216	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>5,842</u>	<u>32,999</u>	<u>6,611</u>	<u>-</u>
Fund Balances:						
Nonspendable	-	-	7,330	-	-	-
Restricted	-	-	-	-	213,253	-
Committed	132,002	42,199	2,043,965	705,908	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>132,002</u>	<u>42,199</u>	<u>2,051,295</u>	<u>705,908</u>	<u>213,253</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 132,002</u>	<u>\$ 42,199</u>	<u>\$ 2,057,137</u>	<u>\$ 738,907</u>	<u>\$ 219,864</u>	<u>\$ -</u>

Statement 16

Public Safety Compliance	Recreation Contr.	Nature Center Contr.	Community Center Days Out	Public Health Grants	Wood Lake Half Marathon	Utility Franchise Fees	Special Facilities	Total Nonmajor Special Revenue Funds
\$ 82,686	\$ 64,944	\$ 46,331	\$ 8,471	\$ 57,174	\$ 3,678	\$ 747,527	\$ -	\$ 3,311,484
1,900	-	10,253	-	8,163	-	-	-	20,316
3,256	-	-	-	-	-	454,012	-	681,373
-	-	-	-	-	-	-	-	59,311
-	-	-	-	-	-	-	-	7,330
-	-	-	-	-	-	-	-	598,690
<u>\$ 87,842</u>	<u>\$ 64,944</u>	<u>\$ 56,584</u>	<u>\$ 8,471</u>	<u>\$ 65,337</u>	<u>\$ 3,678</u>	<u>\$ 1,201,539</u>	<u>\$ -</u>	<u>\$ 4,678,504</u>
\$ 1,252	\$ 18,170	\$ 313	\$ -	\$ -	\$ 722	\$ -	\$ 894	\$ 61,326
-	-	-	-	-	-	-	-	5,261
-	-	-	-	-	-	-	16,547	16,547
751	44	86	-	7,625	-	-	271	8,993
<u>2,003</u>	<u>18,214</u>	<u>399</u>	<u>-</u>	<u>7,625</u>	<u>722</u>	<u>-</u>	<u>17,712</u>	<u>92,127</u>
-	-	-	-	-	-	-	-	7,330
1,900	46,730	56,185	-	57,712	-	-	-	375,780
83,939	-	-	8,471	-	2,956	1,201,539	-	4,220,979
-	-	-	-	-	-	-	(17,712)	(17,712)
<u>85,839</u>	<u>46,730</u>	<u>56,185</u>	<u>8,471</u>	<u>57,712</u>	<u>2,956</u>	<u>1,201,539</u>	<u>(17,712)</u>	<u>4,586,377</u>
<u>\$ 87,842</u>	<u>\$ 64,944</u>	<u>\$ 56,584</u>	<u>\$ 8,471</u>	<u>\$ 65,337</u>	<u>\$ 3,678</u>	<u>\$ 1,201,539</u>	<u>\$ -</u>	<u>\$ 4,678,504</u>

CITY OF RICHFIELD
SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For The Year Ended December 31, 2014

	Liquor Contributions Fund	Tourism Admin	Communications	Elections	Drug/ Forfeiture	911 Fees
Revenues:						
Franchise taxes	\$ -	\$ -	\$ 412,816	\$ -	\$ -	\$ -
Fees and fines	-	-	-	-	107,808	-
Intergovernmental revenues:						
Federal grants	-	-	-	-	69,100	-
State of Minnesota -						
911 Fees	-	-	-	-	-	3,955
Other	-	-	-	-	-	-
County	-	-	-	-	-	-
Total Intergovernmental Revenues	-	-	-	-	69,100	3,955
Investment Earnings	321	131	4,615	1,527	665	-
Miscellaneous:						
Contributions	-	-	-	-	-	-
Other	-	10,650	-	193,414	-	-
Total Miscellaneous Revenues	-	10,650	-	193,414	-	-
Total Revenues	321	10,781	417,431	194,941	177,573	3,955
Expenditures:						
Current:						
Personnel services	-	11,680	159,847	89,972	-	-
Other services and charges	-	-	110,273	24,304	122,283	3,968
Capital outlay	-	-	41,523	-	-	-
Total Expenditures	-	11,680	311,643	114,276	122,283	3,968
Excess (Deficiency) of Revenues over Expenditures	321	(899)	105,788	80,665	55,290	(13)
Other Financing Sources (Uses):						
Transfers in:						
General Fund	-	-	-	-	-	-
Enterprise Funds	450,000	-	-	-	-	-
Transfers out:						
Capital Project Funds	(450,000)	-	-	-	-	-
Internal Service Funds	-	-	-	-	(60,000)	-
Net Other Financing Sources (Uses)	-	-	-	-	(60,000)	-
Net increase (decrease) in fund balance	321	(899)	105,788	80,665	(4,710)	(13)
Fund Balance - January 1	131,681	43,098	1,945,507	625,243	217,963	13
Cummulative effect on change in accounting principle	-	-	-	-	-	-
Fund Balance - January 1 - Restated	131,681	43,098	1,945,507	625,243	217,963	13
Fund Balance - December 31	\$ 132,002	\$ 42,199	\$ 2,051,295	\$ 705,908	\$ 213,253	\$ -

Statement 17

Public Safety Compliance	Recreation Contr.	Nature Center Contr.	Community Center Days Out	Public Health Grants	Wood Lake Half Marathon	Utility Franchise Fees	Special Facilities	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,560,935	\$ -	\$ 1,973,751
-	-	-	-	-	-	-	-	107,808
21,535	-	-	-	22,589	-	-	-	113,224
-	-	-	-	-	-	-	-	3,955
28,295	-	10,253	-	-	-	-	-	38,548
6,024	-	-	-	-	-	-	-	6,024
55,854	-	10,253	-	22,589	-	-	-	161,751
194	103	753	27	144	17	2,417	-	10,914
5,827	65,105	108,419	-	-	12,294	-	-	191,645
11,452	-	-	21,691	-	49,454	-	28,000	314,661
17,279	65,105	108,419	21,691	-	61,748	-	28,000	506,306
73,327	65,208	119,425	21,718	22,733	61,765	1,563,352	28,000	2,760,530
2,088	-	35,910	-	-	34,200	-	9,389	343,086
34,337	31,404	43,948	23,246	28,062	34,963	101,137	22,596	580,521
40,890	17,530	47,931	-	-	-	-	-	147,874
77,315	48,934	127,789	23,246	28,062	69,163	101,137	31,985	1,071,481
(3,988)	16,274	(8,364)	(1,528)	(5,329)	(7,398)	1,462,215	(3,985)	1,689,049
-	-	-	-	-	-	-	20,000	20,000
-	-	-	-	-	-	-	-	450,000
-	-	-	-	-	-	(926,000)	-	(1,376,000)
-	-	-	-	-	-	-	-	(60,000)
-	-	-	-	-	-	(926,000)	20,000	(966,000)
(3,988)	16,274	(8,364)	(1,528)	(5,329)	(7,398)	536,215	16,015	723,049
89,827	30,456	64,549	9,999	63,041	10,354	665,324	-	3,897,055
-	-	-	-	-	-	-	(33,727)	(33,727)
89,827	30,456	64,549	9,999	63,041	10,354	665,324	(33,727)	3,863,328
\$ 85,839	\$ 46,730	\$ 56,185	\$ 8,471	\$ 57,712	\$ 2,956	\$ 1,201,539	\$ (17,712)	\$ 4,586,377

CITY OF RICHFIELD, MINNESOTA
SPECIAL REVENUE FUND - LIQUOR CONTRIBUTIONS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended December 31, 2014

Schedule 18

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Over</u>
				<u>(Under)</u>
Revenues:				
Investment Earnings	\$ 100	\$ 100	\$ 321	\$ 221
Other Financing Sources (Uses):				
Transfers in:				
Enterprise Funds	450,000	450,000	450,000	-
Transfers out:				
Capital Project Funds	(450,000)	(450,000)	(450,000)	-
Net Other Financing Sources (Uses)	-	-	-	-
Net increase in fund balance	100	100	321	221
Fund Balance - January 1	131,681	131,681	131,681	-
Fund Balance - December 31	<u>\$ 131,781</u>	<u>\$ 131,781</u>	<u>\$ 132,002</u>	<u>\$ 221</u>

CITY OF RICHFIELD, MINNESOTA
SPECIAL REVENUE FUND - TOURISM ADMINISTRATION
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended December 31, 2014

Schedule 19

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Over (Under)
Revenues:				
Investment Earnings	\$ 120	\$ 50	\$ 131	\$ 81
Miscellaneous:				
Other	8,200	9,300	10,650	1,350
Total Revenues	8,320	9,350	10,781	1,431
Expenditures:				
Current				
Personnel services	11,680	11,280	11,680	400
Net increase (decrease) in fund balance	(3,360)	(1,930)	(899)	1,031
Fund Balance - January 1	43,098	43,098	43,098	-
Fund Balance - December 31	\$ 39,738	\$ 41,168	\$ 42,199	\$ 1,031

CITY OF RICHFIELD, MINNESOTA
SPECIAL REVENUE FUND - COMMUNICATIONS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended December 31, 2014

Schedule 20

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Over (Under)
Revenues:				
Franchise taxes	\$ 360,000	\$ 411,000	\$ 412,816	\$ 1,816
Investment Earnings	3,400	1,500	4,615	3,115
Total Revenues	363,400	412,500	417,431	4,931
Expenditures:				
Current				
Personnel services	171,740	165,740	159,847	(5,893)
Other services and charges	95,000	105,000	110,273	5,273
Capital outlay	25,000	32,000	41,523	9,523
Total Expenditures	291,740	302,740	311,643	8,903
Excess of revenues over (under) expenditures	71,660	109,760	105,788	(3,972)
Other Financing Uses:				
Transfers out:				
General Fund	(150,000)	(150,000)	-	150,000
Net Other Financing Uses:	(150,000)	(150,000)	-	150,000
Net Increase (decrease) in fund balance	(78,340)	(40,240)	105,788	146,028
Fund Balance - January 1	1,945,507	1,945,507	1,945,507	-
Fund Balance - December 31	\$ 1,867,167	\$ 1,905,267	\$ 2,051,295	\$ 146,028

CITY OF RICHFIELD, MINNESOTA
SPECIAL REVENUE FUND - ELECTIONS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended December 31, 2014

Schedule 21

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final	Amounts	
Revenues:				
Investment Earnings	\$ 850	\$ 450	\$ 1,527	\$ 1,077
Miscellaneous:				
Other	220,740	130,000	193,414	63,414
Total Revenues	221,590	130,450	194,941	64,491
Expenditures:				
Current				
Personnel services	98,000	85,000	89,972	4,972
Other services and charges	30,000	30,000	24,304	(5,696)
Total Expenditures	128,000	115,000	114,276	(724)
Net increase in fund balance	93,590	15,450	80,665	65,215
Fund Balance - January 1	625,243	625,243	625,243	-
Fund Balance - December 31	\$ 718,833	\$ 640,693	\$ 705,908	\$ 65,215

CITY OF RICHFIELD, MINNESOTA
SPECIAL REVENUE FUND - DRUG FORFEITURE
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended December 31, 2014

Schedule 22

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Over (Under)
Revenues:				
Fees and Fines	\$ 40,000	\$ 89,700	\$ 107,808	\$ 18,108
Intergovernmental	-	-	69,100	69,100
Investment Earnings	500	200	665	465
Miscellaneous:				
Other	3,000	9,570	-	(9,570)
Total Revenues	43,500	99,470	177,573	78,103
Expenditures:				
Current				
Other services and charges	95,000	56,000	122,283	66,283
Excess of revenues over (under) expenditures	(51,500)	43,470	55,290	11,820
Other Financing Uses:				
Transfers out:				
Internal Service Fund	-	(60,000)	(60,000)	-
Net Other Financing Uses:	-	(60,000)	(60,000)	-
Net increase (decrease) in fund balance	(51,500)	(16,530)	(4,710)	11,820
Fund Balance - January 1	217,963	217,963	217,963	-
Fund Balance - December 31	\$ 166,463	\$ 201,433	\$ 213,253	\$ 11,820

CITY OF RICHFIELD, MINNESOTA
SPECIAL REVENUE FUND - 911 FEES
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended December 31, 2014

Schedule 23

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Over (Under)
Revenues:				
Intergovernmental revenues:				
911 Fees	\$ 47,470	\$ 3,960	\$ 3,955	\$ (5)
Investment Earnings	10	-	-	-
Total Revenues	<u>47,480</u>	<u>3,960</u>	<u>3,955</u>	<u>(5)</u>
Expenditures:				
Current				
Other services and charges	<u>51,000</u>	<u>3,970</u>	<u>3,968</u>	<u>(2)</u>
Net decrease in fund balance	(3,520)	(10)	(13)	(3)
Fund Balance - January 1	<u>13</u>	<u>13</u>	<u>13</u>	<u>-</u>
Fund Balance - December 31	<u>\$ (3,507)</u>	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ (3)</u>

CITY OF RICHFIELD, MINNESOTA
SPECIAL REVENUE FUND - PUBLIC SAFETY COMPLIANCE
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended December 31, 2014

Schedule 24

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Over
				(Under)
Revenues:				
Intergovernmental:				
Federal Grants	\$ 31,940	\$ 37,480	\$ 21,535	\$ (15,945)
State	-	26,300	28,295	1,995
County	20,000	20,000	6,024	(13,976)
Investment Earnings	80	60	194	134
Miscellaneous:				
Contributions	-	-	5,827	5,827
Other	14,000	13,000	11,452	(1,548)
Total Revenues	66,020	96,840	73,327	(23,513)
Expenditures:				
Current				
Personnel services	-	2,740	2,088	(652)
Other services and charges	40,000	68,470	34,337	(34,133)
Capital Outlay	-	-	40,890	40,890
Total Expenditures	40,000	71,210	77,315	6,105
Net increase (decrease) in fund balance	26,020	25,630	(3,988)	(29,618)
Fund Balance - January 1	89,827	89,827	89,827	-
Fund Balance - December 31	\$ 115,847	\$ 115,457	\$ 85,839	\$ (29,618)

CITY OF RICHFIELD, MINNESOTA
SPECIAL REVENUE FUND - RECREATION CONTRIBUTIONS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended December 31, 2014

Schedule 25

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Over
				(Under)
Revenues:				
Intergovernmental:				
State	\$ 10,000	\$ -	\$ -	\$ -
Investment Earnings	80	40	103	63
Miscellaneous:				
Contributions	9,000	9,000	65,105	56,105
Other	15,200	15,200	-	(15,200)
Total Revenues	34,280	24,240	65,208	40,968
Expenditures:				
Current				
Other services and charges	36,000	24,200	31,404	7,204
Capital outlay	-	-	17,530	17,530
Total Expenditures	36,000	24,200	48,934	24,734
Net Increase (decrease) in fund balance	(1,720)	40	16,274	16,234
Fund Balance - January 1	30,456	30,456	30,456	-
Fund Balance - December 31	\$ 28,736	\$ 30,496	\$ 46,730	\$ 16,234

CITY OF RICHFIELD, MINNESOTA
SPECIAL REVENUE FUND - NATURE CENTER CONTRIBUTIONS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended December 31, 2014

Schedule 26

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Over
				(Under)
Revenues:				
Intergovernmental:				
State	\$ -	\$ -	\$ 10,253	10,253
Investment Earnings	150	60	753	693
Miscellaneous:				
Contributions	100,000	100,000	108,419	8,419
Total Revenues	<u>100,150</u>	<u>100,060</u>	<u>119,425</u>	<u>19,365</u>
Expenditures:				
Current				
Personnel services	33,800	22,100	35,910	13,810
Other services and charges	46,600	25,100	43,948	18,848
Capital Outlay	12,000	52,000	47,931	(4,069)
Total Expenditures	<u>92,400</u>	<u>99,200</u>	<u>127,789</u>	<u>28,589</u>
Net increase (decrease) in fund balance	7,750	860	(8,364)	(9,224)
Fund Balance - January 1	<u>64,549</u>	<u>64,549</u>	<u>64,549</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 72,299</u>	<u>\$ 65,409</u>	<u>\$ 56,185</u>	<u>\$ (9,224)</u>

CITY OF RICHFIELD, MINNESOTA
SPECIAL REVENUE FUND - COMMUNITY CENTER DAYS OUT
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended December 31, 2014

Schedule 27

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Over
				(Under)
Revenues:				
Investment Earnings	\$ 20	\$ 10	\$ 27	\$ 17
Miscellaneous:				
Other	21,050	14,730	21,691	6,961
Total Revenues	21,070	14,740	21,718	6,978
Expenditures:				
Current				
Personnel services	1,600	1,240	-	(1,240)
Other services and charges	19,940	12,840	23,246	10,406
Total Expenditures	21,540	14,080	23,246	9,166
Net increase (decrease) in fund balance	(470)	660	(1,528)	(2,188)
Fund Balance - January 1	9,999	9,999	9,999	-
Fund Balance - December 31	\$ 9,529	\$ 10,659	\$ 8,471	\$ (2,188)

CITY OF RICHFIELD, MINNESOTA
SPECIAL REVENUE FUND - PUBLIC HEALTH GRANTS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended December 31, 2014

Schedule 28

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Over (Under)
Revenues:				
Intergovernmental revenues:				
Federal grants	\$ 35,760	\$ 28,120	\$ 22,589	\$ (5,531)
Investment Earnings	120	50	144	94
Total Revenues	<u>35,880</u>	<u>28,170</u>	<u>22,733</u>	<u>(5,437)</u>
Expenditures:				
Current				
Personnel services	2,500	-	-	-
Other services and charges	33,260	28,120	28,062	(58)
Total Expenditures	<u>35,760</u>	<u>28,120</u>	<u>28,062</u>	<u>(58)</u>
Net increase (decrease) in fund balance	120	50	(5,329)	(5,379)
Fund Balance - January 1	<u>63,041</u>	<u>63,041</u>	<u>63,041</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 63,161</u>	<u>\$ 63,091</u>	<u>\$ 57,712</u>	<u>\$ (5,379)</u>

CITY OF RICHFIELD, MINNESOTA
SPECIAL REVENUE FUND - WOOD LAKE HALF MARATHON
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended December 31, 2014

Schedule 29

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Over (Under)
Revenues:				
Investment Earnings	\$ -	\$ -	\$ 17	\$ 17
Miscellaneous:				
Contributions	11,000	11,000	12,294	1,294
Other	60,000	60,000	49,454	(10,546)
Total Revenues	71,000	71,000	61,765	(9,235)
Expenditures:				
Current				
Personnel services	24,000	34,000	34,200	200
Other services and charges	36,200	35,000	34,963	(37)
Total Expenditures	60,200	69,000	69,163	163
Net increase (decrease) in fund balance	10,800	2,000	(7,398)	(9,398)
Fund Balance - January 1	10,354	10,354	10,354	-
Fund Balance - December 31	<u>\$ 21,154</u>	<u>\$ 12,354</u>	<u>\$ 2,956</u>	<u>\$ (9,398)</u>

CITY OF RICHFIELD, MINNESOTA
SPECIAL REVENUE FUND - UTILITY FRANCHISE FEES
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Over (Under)
Revenues:				
Franchise taxes	\$ 1,604,000	\$ 1,604,000	\$ 1,560,935	\$ (43,065)
Investment Earnings	1,500	1,000	2,417	1,417
Total Revenues	<u>1,605,500</u>	<u>1,605,000</u>	<u>1,563,352</u>	<u>(41,648)</u>
Expenditures:				
Current				
Other services and charges	<u>95,000</u>	<u>95,000</u>	<u>101,137</u>	<u>6,137</u>
Excess of revenues over (under) expenditures	<u>1,510,500</u>	<u>1,510,000</u>	<u>1,462,215</u>	<u>(47,785)</u>
Other Financing Uses:				
Transfers out:				
General Fund	(600,000)	-	-	-
Capital Project Fund	<u>-</u>	<u>(926,000)</u>	<u>(926,000)</u>	<u>-</u>
Net Other Financing Uses:	<u>(600,000)</u>	<u>(926,000)</u>	<u>(926,000)</u>	<u>-</u>
Net increase in fund balance	910,500	584,000	536,215	(47,785)
Fund Balance - January 1	<u>665,324</u>	<u>665,324</u>	<u>665,324</u>	<u>-</u>
Fund Balance - December 31	<u><u>\$ 1,575,824</u></u>	<u><u>\$ 1,249,324</u></u>	<u><u>\$ 1,201,539</u></u>	<u><u>\$ (47,785)</u></u>

CITY OF RICHFIELD, MINNESOTA
SPECIAL REVENUE FUND - SPECIAL FACILITIES
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended December 31, 2014

Schedule 31

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final	Amounts	
Revenues:				
Miscellaneous:				
Other	\$ 34,600	\$ 34,600	\$ 28,000	\$ (6,600)
Total Revenues	<u>34,600</u>	<u>34,600</u>	<u>28,000</u>	<u>(6,600)</u>
Expenditures:				
Current				
Personnel services	9,300	9,300	9,389	89
Other services and charges	19,870	19,870	22,596	2,726
Total Expenditures	<u>29,170</u>	<u>29,170</u>	<u>31,985</u>	<u>2,815</u>
Excess of revenues over (under) expenditures	<u>5,430</u>	<u>5,430</u>	<u>(3,985)</u>	<u>(9,415)</u>
Other Financing Sources:				
Transfers in:				
General Fund	20,000	20,000	20,000	-
Net Other Financing Sources:	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Net increase (decrease) in fund balance	<u>25,430</u>	<u>25,430</u>	<u>16,015</u>	<u>(9,415)</u>
Fund Balance - January 1	-	-	-	-
Cumulative effect of change in accounting principle	<u>(33,727)</u>	<u>(33,727)</u>	<u>(33,727)</u>	<u>-</u>
Fund Balance - January 1 - Restated	<u>(33,727)</u>	<u>(33,727)</u>	<u>(33,727)</u>	<u>-</u>
Fund Balance - December 31	<u>\$ (8,297)</u>	<u>\$ (8,297)</u>	<u>\$ (17,712)</u>	<u>\$ (9,415)</u>

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government on a cost reimbursement basis. Internal Service Funds are authorized by Section 7.12, Subdivision 6 of the Richfield City Charter.

The Central Garage and Equipment Fund, the Information Technology Fund, the Self Insurance Fund, Building Services Fund, and the Compensated Absences Fund, are self-sustaining funds providing service to other departments within the City and for which payments are made by the using department.

CITY OF RICHFIELD, MINNESOTA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
December 31, 2014

	Central Garage & Equipment Fund	Information Technology Fund	Self Insurance Fund	Building Services Fund	Compensated Absences Fund	Total
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 1,032,815	\$ 375,030	\$ 4,338,726	\$ 841,373	\$ 1,812,443	\$ 8,400,387
Due from other funds	-	-	58,625	-	-	58,625
Prepaid items	-	1,250	-	-	-	1,250
Total current assets	<u>1,032,815</u>	<u>376,280</u>	<u>4,397,351</u>	<u>841,373</u>	<u>1,812,443</u>	<u>8,460,262</u>
Noncurrent assets:						
Advances to other funds	-	-	956,548	-	-	956,548
Capital assets:						
Construction in progress	181,681	-	-	-	-	181,681
Buildings and equipment	7,912,551	567,913	-	342,892	-	8,823,356
Less accumulated depreciation	(5,099,804)	(344,055)	-	(136,705)	-	(5,580,564)
Total noncurrent assets	<u>2,994,428</u>	<u>223,858</u>	<u>956,548</u>	<u>206,187</u>	<u>-</u>	<u>4,381,021</u>
Total assets	<u>4,027,243</u>	<u>600,138</u>	<u>5,353,899</u>	<u>1,047,560</u>	<u>1,812,443</u>	<u>12,841,283</u>
LIABILITIES						
Current Liabilities:						
Accounts payable	20,687	105,994	19,443	19,890	-	166,014
Accrued salaries and benefits	12,497	18,543	-	12,519	-	43,559
Due to other governments	10,447	99	20,466	-	-	31,012
Compensated absences	3,526	15,779	-	12,654	462,706	494,665
Total current liabilities	<u>47,157</u>	<u>140,415</u>	<u>39,909</u>	<u>45,063</u>	<u>462,706</u>	<u>735,250</u>
Noncurrent liabilities:						
Compensated absences	10,287	46,027	-	36,912	1,349,737	1,442,963
Net OPEB obligation	21,705	12,589	-	15,474	-	49,768
Claims and judgments	-	-	925,687	-	-	925,687
Total noncurrent liabilities	<u>31,992</u>	<u>58,616</u>	<u>925,687</u>	<u>52,386</u>	<u>1,349,737</u>	<u>2,418,418</u>
Total liabilities	<u>79,149</u>	<u>199,031</u>	<u>965,596</u>	<u>97,449</u>	<u>1,812,443</u>	<u>3,153,668</u>
NET POSITON						
Net investment in capital assets	2,994,428	223,858	-	206,187	-	3,424,473
Unrestricted	953,666	177,249	4,388,303	743,924	-	6,263,142
Total net position	<u>\$ 3,948,094</u>	<u>\$ 401,107</u>	<u>\$ 4,388,303</u>	<u>\$ 950,111</u>	<u>\$ -</u>	<u>\$ 9,687,615</u>

CITY OF RICHFIELD, MINNESOTA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
For the Year Ended December 31, 2014

	Central Garage & Equipment Fund	Information Technology Fund	Self Insurance Fund	Building Services Fund	Compensated Absences Fund	Total
OPERATING REVENUES						
Charges for Service	\$ 1,047,390	\$ 882,039	\$ 738,383	\$ 743,999	\$ -	\$ 3,411,811
Total operating revenues	1,047,390	882,039	738,383	743,999	-	3,411,811
OPERATING EXPENSES						
Personnel services	223,658	408,120	350,005	299,107	4,243	1,285,133
Other service and charges	872,976	607,251	416,452	442,838	-	2,339,517
Depreciation	585,361	35,849	-	24,518	-	645,728
Total operating expenses	1,681,995	1,051,220	766,457	766,463	4,243	4,270,378
Operating loss	(634,605)	(169,181)	(28,074)	(22,464)	(4,243)	(858,567)
NONOPERATING REVENUES						
Interest and investment revenue	1,896	778	31,397	2,016	4,243	40,330
Miscellaneous revenue	36,214	-	117,057	282	-	153,553
Gain (loss) on disposal of capital assets	87,067	-	-	-	-	87,067
Total nonoperating revenue	125,177	778	148,454	2,298	4,243	280,950
Income (loss) before transfers	(509,428)	(168,403)	120,380	(20,166)	-	(577,617)
Transfers in	635,000	125,000	-	-	-	760,000
Changes in net position	125,572	(43,403)	120,380	(20,166)	-	182,383
Total net position - beginning	3,822,522	444,510	4,267,923	970,277	-	9,505,232
Total net position - ending	\$ 3,948,094	\$ 401,107	\$ 4,388,303	\$ 950,111	\$ -	\$ 9,687,615

CITY OF RICHFIELD, MINNESOTA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2014

Statement 34

	Central Garage & Equipment Fund	Information Technology Fund	Self Insurance Fund	Building Services Fund	Compensated Absences Fund	Totals
Cash flows from operating activities:						
Receipts from interfund services provided	\$ 1,047,390	\$ 882,039	\$ 738,383	\$ 743,999	\$ -	\$ 3,411,811
Payment to employees	(238,197)	(399,108)	(350,005)	(297,502)	71,679	(1,213,133)
Payment to suppliers	(889,529)	(576,584)	(567,053)	(452,761)	-	(2,485,927)
Miscellaneous revenue	36,214	-	117,057	282	-	153,553
Net cash flows from operating activities	<u>(44,122)</u>	<u>(93,653)</u>	<u>(61,618)</u>	<u>(5,982)</u>	<u>71,679</u>	<u>(133,696)</u>
Cash flows from noncapital financing activities:						
Transfer from Special Revenue Funds	60,000	-	-	-	-	60,000
Transfer from Capital Project Funds	575,000	125,000	-	-	-	700,000
Interfund borrowing	-	-	57,464	-	-	57,464
Net cash flows from noncapital financing activities:	<u>635,000</u>	<u>125,000</u>	<u>57,464</u>	<u>-</u>	<u>-</u>	<u>817,464</u>
Cash flows from capital and related financing activities:						
Proceeds from sale of property	42,067	-	-	-	-	42,067
Acquisition of capital assets	(729,433)	(36,284)	-	-	-	(765,717)
Net cash flows from capital and related financing activities	<u>(687,366)</u>	<u>(36,284)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(723,650)</u>
Cash flows from investing activities:						
Investment income	1,896	778	31,397	2,016	4,243	40,330
Net increase (decrease) in cash and cash equivalents	(94,592)	(4,159)	27,243	(3,966)	75,922	448
Cash and cash equivalents - January 1	1,127,407	379,189	4,311,483	845,339	1,736,521	8,399,939
Cash and cash equivalents - December 31	<u>\$ 1,032,815</u>	<u>\$ 375,030</u>	<u>\$ 4,338,726</u>	<u>\$ 841,373</u>	<u>\$ 1,812,443</u>	<u>\$ 8,400,387</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ (634,605)	\$ (169,181)	\$ (28,074)	\$ (22,464)	\$ (4,243)	\$ (858,567)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:						
Miscellaneous revenue	36,214	-	117,057	282	-	153,553
Depreciation	585,361	35,849	-	24,518	-	645,728
Changes in assets and liabilities:						
Increase (decrease) in payables	(29,183)	29,220	(27,106)	(11,466)	-	(38,535)
Increase (decrease) in salaries and benefits	3,257	1,913	-	1,380	-	6,550
Increase (decrease) in compensated absences	(17,796)	7,099	-	225	75,922	65,450
Increase (decrease) in due to other governments	10,379	99	20,466	-	-	30,944
Increase (decrease) in net OPEB obligations	2,251	1,348	-	1,543	-	5,142
Increase (decrease) in claims and judgements	-	-	(143,961)	-	-	(143,961)
Total adjustments	590,483	75,528	(33,544)	16,482	75,922	724,871
Net cash flows from operating activities	<u>\$ (44,122)</u>	<u>\$ (93,653)</u>	<u>\$ (61,618)</u>	<u>\$ (5,982)</u>	<u>\$ 71,679</u>	<u>\$ (133,696)</u>

FIDUCIARY FUNDS

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurements of results of operations.

Building Permit – Surcharges Fund is maintained to account for surcharges collected for the state and to remit these funds to them.

Escrow Fund is maintained to account for various deposits, mainly contractors' deposits, to guarantee work performance improvements required by the City.

Snowmobile – Boat Licenses Fund accounts for monies collected for registration of snowmobile and boat licenses and remits these funds to the Department of Natural Resources.

Motor Vehicle Licenses Fund accounts for monies collected for registration and license fees of motor vehicles and remits these funds to the State of Minnesota.

I-494 Corridor Commission Fund is maintained to account for the activities of a joint powers organization established to address concerns about traffic along the I-494 corridor.

CITY OF RICHFIELD
COMBINING STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
December 31, 2014

Statement 35

	Agency Funds				
	Building Permit Surcharges	Escrow Fund	Snowmobile Boat Licenses	I-494 Corridor Commission	Total Fiduciary Funds
Assets					
Cash and investments	\$ 1,736	\$ 425,062	\$ 1,484	85,604	\$ 513,886
Due from other governments	-	-	-	79,537	79,537
	<u>\$ 1,736</u>	<u>\$ 425,062</u>	<u>\$ 1,484</u>	<u>\$ 165,141</u>	<u>\$ 593,423</u>
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ 17,204	\$ 17,204
Due to other governments	1,736	-	1,484	147,937	151,157
Deposits	-	425,062	-	-	425,062
Total Liabilities	<u>\$ 1,736</u>	<u>\$ 425,062</u>	<u>\$ 1,484</u>	<u>\$ 165,141</u>	<u>\$ 593,423</u>

CITY OF RICHFIELD, MINNESOTA
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the Year Ended December 31, 2014

	Balance January 1, 2014	Additions	Deductions	Balance December 31, 2014
<u>BUILDING PERMIT SURCHARGES</u>				
<u>ASSETS</u>				
Cash and investments	\$ 2,008	\$ 26,547	\$ 26,819	\$ 1,736
<u>LIABILITIES</u>				
Due to other governments	\$ 2,008	\$ 53,056	\$ 53,328	\$ 1,736
<u>ESCROW FUND</u>				
<u>ASSETS</u>				
Cash and investments	\$ 421,286	\$ 305,855	\$ 302,079	\$ 425,062
<u>LIABILITIES</u>				
Deposits	\$ 421,286	\$ 303,861	\$ 300,085	\$ 425,062
<u>SNOWMOBILE - BOAT LICENSES</u>				
<u>ASSETS</u>				
Cash and investments	\$ 1,464	\$ 59,866	\$ 59,846	\$ 1,484
<u>LIABILITIES</u>				
Due to other governments	\$ 1,464	\$ 59,866	\$ 59,846	\$ 1,484
<u>MOTOR VEHICLE LICENSES</u>				
<u>ASSETS</u>				
Cash and investments	\$ -	\$ 13,876,621	\$ 13,876,621	\$ -
<u>LIABILITIES</u>				
Due to other governments	\$ -	\$ 13,876,621	\$ 13,876,621	\$ -
<u>I-494 CORRIDOR COMMISSION</u>				
<u>ASSETS</u>				
Cash and investments	\$ 119,190	\$ 345,993	\$ 379,579	\$ 85,604
Due from other governments	59,078	79,537	59,078	79,537
Receivables, net	479	-	479	-
	<u>\$ 178,747</u>	<u>\$ 425,530</u>	<u>\$ 439,136</u>	<u>\$ 165,141</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 43,976	250,543	\$ 277,315	\$ 17,204
Due to other governments	134,771	13,166	-	147,937
	<u>\$ 178,747</u>	<u>\$ 263,709</u>	<u>\$ 277,315</u>	<u>\$ 165,141</u>

Statement 36

	Balance January 1, 2014	Additions	Deductions	Balance December 31, 2014
<u>TOTAL - ALL AGENCY FUNDS</u>				
<u>ASSETS</u>				
Cash and investments	\$ 543,948	\$ 14,614,882	\$ 14,644,944	\$ 513,886
Due from other governments	59,078	79,537	59,078	79,537
Receivables, net	479	-	479	-
TOTAL ASSETS	\$ 603,505	\$ 14,694,419	\$ 14,704,501	\$ 593,423
<u>LIABILITIES</u>				
Accounts payable	43,976	250,543	277,315	17,204
Due to other governments	138,243	14,002,709	13,989,795	151,157
Deposits	421,286	303,861	300,085	425,062
TOTAL LIABILITIES	\$ 603,505	\$ 14,557,113	\$ 14,567,195	\$ 593,423

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SUPPLEMENTARY FINANCIAL INFORMATION

**HOUSING AND REDEVELOPMENT AUTHORITY
OF RICHFIELD, MINNESOTA
COMBINED BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2014**

	General	Special Revenue	Capital Projects
<u>ASSETS & DEFERRED OUTFLOWS OF RESOURCES</u>			
Cash and investments	\$ 2,276,436	\$ 1,591,443	\$ 4,259,083
Accrued interest receivable	-	2,293	-
Due from other governments	2,156	100,556	693
Accounts receivable	-	3,178	-
Taxes receivable	6,420	-	-
Assets held for resale	-	157,744	2,734,733
Restricted cash	-	-	-
Long term second mortgage receivable	356,972	2,224,796	55,470
Allowance for doubtful accounts	(356,972)	(2,224,796)	(55,470)
Total Assets	<u>\$ 2,285,012</u>	<u>\$ 1,855,214</u>	<u>\$ 6,994,509</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 22,604	\$ 101,928	\$ 18,546
Due to other government	-	1,486	-
Due to primary government	780,000	-	-
Total Liabilities	<u>802,604</u>	<u>103,414</u>	<u>18,546</u>
Deferred Inflows of Resources:			
Unavailable revenue - property taxes	\$ 6,420	\$ -	\$ -
Unavailable revenue - tax increment	-	-	-
Total Deferred Inflows of Resources	<u>6,420</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Restricted	-	157,744	4,123,035
Committed	-	1,449,902	-
Assigned	-	144,154	2,852,928
Unassigned	1,475,988	-	-
Total Fund Balances	<u>1,475,988</u>	<u>1,751,800</u>	<u>6,975,963</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,285,012</u>	<u>\$ 1,855,214</u>	<u>\$ 6,994,509</u>

Fund balance reported above

Allocation to reflect consolidation on internal service fund activities related to component unit

Other long-term assets are not available to pay for current period expenditures and therefore, are deferred in component unit funds.

Delinquent property taxes

Net position of component unit activities

Statement 37

Totals	
2014	2013
\$ 8,126,962	\$ 8,195,323
2,293	2,293
103,405	21,152
3,178	51,473
6,420	560
2,892,477	2,346,078
-	5,508
2,637,238	2,815,600
(2,637,238)	(2,815,600)
<u>\$ 11,134,735</u>	<u>\$ 10,622,387</u>
\$ 143,078	\$ 495,388
1,486	-
780,000	1,486
<u>924,564</u>	<u>496,874</u>
\$ 6,420	\$ -
-	560
<u>6,420</u>	<u>560</u>
4,280,779	6,292,436
1,449,902	1,525,406
2,997,082	2,855,018
1,475,988	(547,907)
<u>10,203,751</u>	<u>10,124,953</u>
\$ 11,134,735	\$ 10,622,387
\$ 10,203,751	
(438,196)	
6,420	
<u>\$ 9,771,975</u>	

**HOUSING AND REDEVELOPMENT AUTHORITY
OF RICHFIELD, MINNESOTA
COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year December 31, 2014**

	General	Special Revenue	Capital Projects
Revenues:			
Taxes	\$ 471,206	\$ -	\$ 4,129,032
Intergovernmental revenue	47,370	1,397,289	-
Investment income	4,728	17,800	16,244
Miscellaneous revenues	27,922	90,503	784,614
Total Revenues	<u>551,226</u>	<u>1,505,592</u>	<u>4,929,890</u>
Expenditures -			
Current:			
Personnel services	245,814	155,461	327,490
Other services and charges	113,511	1,409,857	4,376,450
Capital outlay	-	-	279,327
Total Expenditures	<u>359,325</u>	<u>1,565,318</u>	<u>4,983,267</u>
Excess (Deficiency) of Revenues over Expenditures	<u>191,901</u>	<u>(59,726)</u>	<u>(53,377)</u>
Other Financing Sources (Uses):			
Transfers in:			
General Fund	-	-	7,285
Special Revenue Funds	41,655	24,100	-
Capital Project Funds	-	-	2,698,366
Transfers out:			
General Fund	-	(41,655)	-
Special Revenue Funds	(24,100)	-	-
Capital Project Funds	(7,285)	-	(2,698,366)
Net Other Financing Sources (Uses)	<u>10,270</u>	<u>(17,555)</u>	<u>7,285</u>
Net Changes in Fund Balances	<u>202,171</u>	<u>(77,281)</u>	<u>(46,092)</u>
Fund Balances - January 1	1,273,817	1,829,081	7,022,055
Prior Period Adjustment	-	-	-
Fund Balances - January 1 - Restated	<u>1,273,817</u>	<u>1,829,081</u>	<u>7,022,055</u>
Fund Balances - December 31	<u><u>\$ 1,475,988</u></u>	<u><u>\$ 1,751,800</u></u>	<u><u>\$ 6,975,963</u></u>

Adjustment to reflect the consolidation of internal service fund activities related to component unit

Adjustment to reflect the change in other long-term assets not available to pay current
period expenditures

Change in net position of component unit activities

Totals			
	2014	2013	
\$	4,600,238	\$	4,564,246
	1,444,659		2,098,616
	38,772		(5,567)
	903,039		554,094
	<u>6,986,708</u>		<u>7,211,389</u>
	728,765		739,502
	5,899,818		4,981,015
	279,327		1,361,062
	<u>6,907,910</u>		<u>7,081,579</u>
	<u>78,798</u>		<u>129,810</u>
	7,285		41,897
	65,755		54,416
	2,698,366		438,088
	(41,655)		-
	(24,100)		(41,897)
	<u>(2,705,651)</u>		<u>(492,504)</u>
	-		-
	78,798		129,810
			7,201,647
			2,793,496
			<u>9,995,143</u>
		\$	<u><u>10,124,953</u></u>
	(11,214)		
	5,860		
	<u>73,444</u>		

City of Richfield
Housing and Redevelopment Authority - Housing Choice Vouchers
Financial Data Schedule
Balance Sheet
December 31, 2014

Statement 39

Assets

		2014
Current assets		
121	Accounts receivable - PHA projects	4,782
128	Fraud recovery	7,084
128.1	Allowance for doubtful accounts - fraud	(5,926)
190	Total assets	\$ 5,940

Liabilities and Fund Balance

Current liabilities		
311	Bank overdraft	\$ 5,292
312	Accounts payable <= 90 days	162
333	Accounts payable - other government	1,486
310	Total current liabilities	6,940
509.2	Fund balance reserved	58,974
512.2	Unreserved, undesignated fund balance	(59,974)
513	Total fund balance	(1,000)
600	Total liabilities and fund balance	\$ 5,940

Note: Financial Data Schedules - U.S. Department of Housing and Urban Development

The City has presented the financial data schedules for its Housing and Redevelopment Authority. These schedules are presented on a modified accrual basis of accounting. The information in these schedules is presented in accordance with the U.S. Department of Housing and Urban Development, Office of Public Housing (HUD) and Indian Housing, Real Estate Assessment Center and the Financial Assessment Subsystem - Public Housing (FASS-PH). Accordingly, some of the amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the City's basic financial statements.

City of Richfield
Housing and Redevelopment Authority - Housing Choice Vouchers
Financial Data Schedule
Income Statement
For the year ended December 31, 2014

Statement 40

Revenue	2014
70600 HUD PHA operating grants	\$ 1,301,515
71500 Other revenue	705,777
70000 Total revenue	<u>2,007,292</u>
Operating expenses	
Administrative expenses	
91100 Administrative salaries	117,570
91500 Employee benefit contributions - administrative	39,190
91600 Office expenses	26,293
91900 Other	120
91000 Total operating administrative expenses	<u>183,173</u>
General expenses	
96200 Other general expenses	<u>17,629</u>
96900 Total operating expenses	<u>200,802</u>
Excess of operating revenue over operating expenses	1,806,490
Other expenses	
97300 Housing assistance payments	1,188,336
97350 HAP Portability-in	660,640
90000 Total other expenses	<u>1,848,976</u>
Other financing sources	
10030 Operating Transfers from Primary Government	24,100
10100 Total Other financing sources	<u>24,100</u>
Net increase (decrease) in net position	(18,386)
Net position - beginning	<u>17,386</u>
Net position - ending	<u>\$ (1,000)</u>
Memo account information	
11170 Administrative fee equity	58,974
11180 Housing assistance payments equity	(59,974)
Total net position	<u>\$ (1,000)</u>
11190 Unit months available	2,772
11210 Number of unit months leased	2,338

Note: Financial Data Schedules - U.S. Department of Housing and Urban Development

The City has presented the financial data schedules for its Housing and Redevelopment Authority. These schedules are presented on a modified accrual basis of accounting. The information in these schedules is presented in accordance with the U.S. Department of Housing and Urban Development, Office of Public Housing (HUD) and Indian Housing, Real Estate Assessment Center and the Financial Assessment Subsystem - Public Housing (FASS-PH). Accordingly, some of the amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the City's basic financial statements.

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III. STATISTICAL SECTION (UNAUDITED)

This part of the City of Richfield's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Schedule 1
City of Richfield
Net Position by Components
Last Ten Fiscal Years
(accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Net investment in capital assets										
Restricted	\$ 39,237,919	\$ 40,677,677	\$ 39,483,470	\$ 46,038,420	\$ 45,358,789	\$ 45,717,964	\$ 50,996,302	\$ 50,719,652	\$ 48,633,166	\$ 53,868,489
Unrestricted	24,930,877	19,434,664	24,474,914	17,736,711	18,955,821	18,729,736	4,106,339	4,773,505	2,824,310	3,625,019
	(2,946,445)	1,443,595	2,539,476	3,302,508	3,825,158	4,861,701	14,489,164	16,420,037	20,321,278	17,269,452
Total governmental activities net position	\$ 61,222,351	\$ 61,555,936	\$ 66,497,860	\$ 67,077,639	\$ 68,139,768	\$ 69,309,401	\$ 69,591,805	\$ 71,913,194	\$ 71,778,754	\$ 74,762,960
Business-type activities										
Net investment in capital assets										
Restricted	\$ 19,643,267	\$ 12,963,574	\$ 16,564,444	\$ 21,045,188	\$ 21,000,169	\$ 20,297,510	\$ 18,768,234	\$ 18,482,474	\$ 19,212,879	\$ 14,105,007
Unrestricted	495,707	502,007	272,507	272,507	272,507	272,507	272,507	272,507	272,507	-
	8,102,894	13,331,181	8,656,011	3,820,994	3,147,419	3,380,134	4,457,373	5,062,397	3,890,596	9,019,091
Total business-type activities net position	\$ 28,241,868	\$ 26,796,762	\$ 25,492,962	\$ 25,138,689	\$ 24,420,095	\$ 23,950,151	\$ 23,498,114	\$ 23,817,378	\$ 23,375,982	\$ 23,124,098
Primary government										
Net investment in capital assets										
Restricted	\$ 58,881,186	\$ 53,641,251	\$ 56,047,914	\$ 67,083,608	\$ 66,358,958	\$ 66,015,474	\$ 69,764,536	\$ 69,202,126	\$ 67,846,045	\$ 67,973,496
Unrestricted	25,426,584	19,936,671	24,747,421	18,009,218	19,228,328	19,002,243	4,378,846	5,046,012	3,096,817	3,625,019
	5,156,449	14,774,776	11,195,487	7,123,502	6,972,577	8,241,835	18,946,537	21,482,434	24,211,874	26,288,543
Total primary government net position	\$ 89,464,219	\$ 88,352,698	\$ 91,990,822	\$ 92,216,328	\$ 92,559,863	\$ 93,259,552	\$ 93,089,919	\$ 95,730,572	\$ 95,154,736	\$ 97,887,058

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Schedule 2
City of Richfield
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities:										
General government										
Public safety	\$ 2,105,734	\$ 2,349,513	\$ 2,116,388	\$ 2,352,600	\$ 2,435,317	\$ 2,241,131	\$ 2,871,668	\$ 2,874,868	\$ 3,042,891	\$ 3,102,253
Fire	7,296,922	7,857,315	8,006,189	8,779,156	9,220,252	7,956,850	8,337,565	8,207,554	8,369,982	8,010,123
Community development	2,812,351	2,394,664	2,924,032	3,111,442	2,849,347	3,375,222	3,342,834	3,427,929	3,365,043	3,757,653
Public Works	257,379	343,623	310,792	322,428	143,142	1,118,218	1,145,063	1,136,623	1,322,175	1,360,558
Parks and recreation	6,161,659	11,207,016	13,050,226	16,834,546	30,589,925	7,310,898	6,837,282	7,076,058	9,545,980	9,647,341
Interest on long-term debt	1,872,779	2,032,037	2,053,366	2,063,866	2,260,043	1,943,071	2,118,937	2,015,873	2,154,180	3,882,319
Total governmental activities expenses	973,620	780,748	941,738	1,182,413	1,684,937	1,569,436	1,534,727	1,496,022	1,196,968	1,220,893
Business-type activities										
Liquor	\$ 21,480,444	\$ 26,964,916	\$ 29,402,731	\$ 34,646,451	\$ 49,182,963	\$ 25,514,826	\$ 26,188,076	\$ 26,234,927	\$ 28,997,219	\$ 30,981,140
Water and sewer utility										
Storm sewer utility	\$ 9,442,967	\$ 9,710,787	\$ 10,167,674	\$ 10,439,862	\$ 10,454,379	\$ 10,231,138	\$ 10,309,292	\$ 10,799,198	\$ 10,308,021	\$ 10,639,175
Recreation Fund	5,098,869	6,002,913	5,813,949	6,359,038	6,402,596	6,543,019	6,698,270	6,699,992	7,217,814	7,271,227
Street Light utility	785,120	856,748	1,041,955	1,103,688	1,158,998	1,099,575	1,056,249	1,167,332	1,260,211	1,220,584
Total business-type activities expenses	1,480,406	1,561,368	1,608,789	1,716,063	1,701,676	1,671,877	1,680,331	1,679,838	1,745,104	-
Total primary government expenses	-	-	-	-	1,640	-	-	-	-	-
Total business-type activities expenses	16,807,362	18,151,816	18,632,367	19,618,651	19,719,289	19,545,609	19,744,142	20,346,360	20,531,150	19,130,986
Total primary government expenses	\$ 38,287,806	\$ 45,116,732	\$ 48,035,098	\$ 54,265,102	\$ 68,902,252	\$ 45,060,435	\$ 45,932,218	\$ 46,581,287	\$ 49,528,369	\$ 50,112,126
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 489,429	\$ 555,757	\$ 534,039	\$ 441,704	\$ 404,782	\$ 398,787	\$ 438,427	\$ 514,721	\$ 545,092	\$ 672,182
Public safety	1,536,082	1,481,780	1,546,321	1,448,515	1,484,728	689,767	752,083	683,347	822,423	837,168
Fire	4,410	4,035	6,150	3,400	21,150	15,589	14,376	15,899	12,140	25,905
Community development	9,475	38,313	20,359	18,775	10,325	1,038,020	967,780	1,188,057	985,884	1,305,144
Public Works	14,197	20,194	29,978	30,352	19,698	15,205	277,224	290,307	309,848	308,784
Parks and recreation	352,489	335,259	342,479	345,259	326,746	381,511	396,727	413,146	419,164	1,608,943
Other activities	2,216,737	895,763	-	-	-	-	-	-	-	-
Total Charges for services	4,622,819	3,331,101	2,479,326	2,288,005	2,267,429	2,538,879	2,846,617	3,105,477	3,094,551	4,758,126
Operating grants and contributions:										
Public safety	621,833	691,482	743,298	914,722	787,410	1,003,961	767,708	813,807	776,911	852,230
Fire	371,590	220,441	196,114	162,580	138,196	129,055	288,954	275,595	163,949	141,794
Public Works	265,631	273,829	262,325	250,784	257,775	268,305	292,677	337,167	328,310	453,428
Parks and recreation	15,152	17,533	22,294	28,802	34,938	3,494	8,947	22,180	26,396	2,032
Total Operating grants and contributions	1,274,206	1,203,285	1,224,031	1,356,888	1,218,319	1,404,815	1,358,286	1,448,749	1,295,566	1,449,484
Capital grants and contributions:										
Public safety	-	-	-	-	-	-	20,000	-	-	-
Community development	1,252,676	1,418,264	1,509,465	1,549,344	1,546,075	1,549,542	1,559,732	2,029,215	820,737	861,086
Public Works	6,646,261	4,146,965	8,362,186	11,463,338	26,141,406	2,012,957	1,216,632	1,190,578	1,764,952	2,174,565
Parks and recreation	-	-	-	-	200,248	116,030	-	11,971	-	30,253
Total Capital grants and contributions	7,898,937	5,565,229	9,871,651	13,012,682	27,887,729	3,678,529	2,796,364	3,221,764	2,585,689	3,065,904
Total governmental activities program revenues	\$ 13,795,962	\$ 10,099,615	\$ 13,575,008	\$ 16,657,575	\$ 31,373,477	\$ 7,622,223	\$ 7,001,267	\$ 7,775,990	\$ 6,975,806	\$ 9,273,514

Schedule 2 (cont.)
City of Richfield
Changes in Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Business-type activities										
Charges for services:										
Liquor	\$ 10,016,562	\$ 10,271,839	\$ 10,775,419	\$ 11,302,384	\$ 11,349,563	\$ 11,117,676	\$ 11,198,404	\$ 11,807,489	\$ 11,137,402	\$ 11,500,417
Water & Sewer	5,186,333	5,416,744	5,617,234	5,503,808	5,703,187	6,099,325	6,525,152	6,940,791	7,008,087	7,222,179
Storm Sewer	843,828	847,726	884,562	941,542	936,509	980,077	991,950	1,238,267	1,117,761	1,204,476
Recreation Activities	1,117,407	1,173,230	1,178,264	1,239,389	1,293,946	1,248,111	1,196,110	1,131,040	1,120,189	-
Street Light utility	-	-	-	-	82,832	274,182	-	-	-	-
Capital Grants & Contributions	-	-	-	1,123,416	-	-	-	-	-	-
Total business-type activities program revenues	17,164,130	17,709,539	18,455,479	20,110,539	19,366,037	19,719,371	19,911,616	21,117,587	20,383,439	19,927,072
Total primary government program revenues	30,960,092	27,809,154	32,030,487	36,768,114	50,739,514	27,341,594	26,912,883	28,893,577	27,359,245	29,200,586
Net (Expense) Revenue										
Governmental activities	(7,684,482)	(16,865,301)	(15,827,723)	(17,988,876)	(17,809,486)	(17,892,603)	(19,186,809)	(18,458,937)	(22,021,413)	(21,707,626)
Business-type activities	356,768	(442,277)	(176,888)	491,888	(353,252)	173,762	167,474	771,227	(147,711)	796,086
Total primary government net expense	\$ (7,327,714)	\$ (17,307,578)	\$ (16,004,611)	\$ (17,496,988)	\$ (18,162,738)	\$ (17,718,841)	\$ (19,019,335)	\$ (17,687,710)	\$ (22,169,124)	\$ (20,911,540)
General Revenues and other changes in Net Position										
Governmental activities										
Property taxes	\$ 10,233,097	\$ 11,193,859	\$ 11,368,203	\$ 12,417,269	\$ 13,631,513	\$ 14,522,676	\$ 15,276,804	\$ 17,025,767	\$ 17,985,988	\$ 18,613,321
Franchise taxes	959,701	989,857	1,017,826	1,033,940	1,055,073	1,161,200	1,236,825	1,259,670	1,304,716	1,973,751
Unrestricted grants and contributions	2,321,758	1,527,012	2,602,147	2,144,629	2,719,211	1,320,480	1,319,307	1,230,268	1,223,981	1,937,907
Others	1,384,196	1,878,328	2,308,539	1,719,487	836,787	1,214,910	846,105	631,131	710,988	809,564
Transfers	400,660	1,609,830	1,859,180	1,253,330	629,031	842,970	790,172	633,490	661,300	866,460
Total governmental activities	15,299,412	17,198,886	19,155,895	18,568,655	18,871,615	19,062,236	19,469,213	20,780,326	21,886,973	24,201,003
Business-type activities										
Others	321,403	607,001	732,268	407,169	263,689	199,264	170,661	181,527	481,633	309,319
Transfers	(400,660)	(1,609,830)	(1,859,180)	(1,253,330)	(629,031)	(842,970)	(790,172)	(633,490)	(661,300)	(866,460)
Total business-type activities	(79,257)	(1,002,829)	(1,126,912)	(846,161)	(365,342)	(643,706)	(619,511)	(451,963)	(179,667)	(557,141)
Total primary government	\$ 15,220,155	\$ 16,196,057	\$ 18,028,983	\$ 17,722,494	\$ 18,506,273	\$ 18,418,530	\$ 18,849,702	\$ 20,328,363	\$ 21,707,306	\$ 23,643,862
Changes in Net Position										
Governmental activities	\$ 7,614,930	\$ 333,585	\$ 3,328,172	\$ 579,779	\$ 1,062,129	\$ 1,169,633	\$ 282,404	\$ 2,321,389	\$ (134,440)	\$ 2,493,377
Business-type activities	277,511	(1,445,106)	(1,303,800)	(354,273)	(718,594)	(469,944)	(452,037)	319,264	(327,378)	238,945
Total primary government	\$ 7,892,441	\$ (1,111,521)	\$ 2,024,372	\$ 225,506	\$ 343,535	\$ 699,689	\$ (169,633)	\$ 2,640,653	\$ (461,818)	\$ 2,732,322

Schedule 3
City of Richfield
Fund Balance, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Reserved	\$ 73,873	\$ 71,288	\$ 87,315	\$ 92,303	\$ 91,326	\$ 73,146	\$ -	\$ -	\$ -	\$ -
Unreserved	6,389,218	6,593,944	6,649,555	6,657,999	6,683,584	6,756,678	-	-	-	-
Nonspendable	-	-	-	-	-	-	67,919	72,531	72,413	83,241
Unassigned	-	-	-	-	-	-	6,886,065	7,235,983	7,679,767	8,414,671
Total general fund	\$ 6,463,091	\$ 6,665,232	\$ 6,736,870	\$ 6,750,302	\$ 6,774,910	\$ 6,829,824	\$ 6,953,984	\$ 7,308,514	\$ 7,752,180	\$ 8,497,912
All Other Governmental Funds										
Reserved										
Advances to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 908,750	\$ -	\$ -	\$ -	\$ -
Prepaid items	7,330	7,330	7,330	7,330	20,275	20,275	-	-	-	-
Debt service	5,085,604	2,649,533	3,194,219	3,240,201	3,860,116	10,850,982	-	-	-	-
Unreserved, reported in										
Special revenue funds	10,196,768	10,286,305	10,447,959	10,529,219	10,603,383	3,195,982	-	-	-	-
Capital project funds	8,306,684	7,230,999	11,379,192	14,683,130	17,748,413	12,261,522	-	-	-	-
Nonspendable	-	-	-	-	-	-	20,275	7,330	7,330	7,330
Restricted	-	-	-	-	-	-	2,682,735	3,198,047	3,360,006	3,477,447
Committed	-	-	-	-	-	-	6,010,283	6,469,737	6,703,091	7,409,218
Assigned	-	-	-	-	-	-	4,728,247	4,826,523	7,539,435	7,385,044
Unassigned	-	-	-	-	-	-	(66,244)	(307,452)	(217,010)	(5,327,013)
Total all other government funds	\$ 23,596,386	\$ 20,174,167	\$ 25,028,700	\$ 28,459,880	\$ 32,232,187	\$ 27,237,511	\$ 13,375,296	\$ 14,194,185	\$ 17,392,852	\$ 12,952,026

Note: The City implemented GASB Statement 54 in 2011. This information is not available for previous years.

Schedule 4
City of Richfield
Changes in Fund Balance, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Revenues										
Property taxes	\$ 10,182,438	\$ 11,166,844	\$ 11,310,180	\$ 12,373,968	\$ 13,614,364	\$ 14,583,414	\$ 15,436,001	\$ 16,975,557	\$ 18,116,437	\$ 18,370,724
Franchise taxes	959,701	989,857	1,017,826	1,033,940	1,055,073	1,161,200	1,236,825	1,259,670	1,304,716	1,973,751
Special assessments	259,892	245,001	504,234	333,854	386,977	356,068	332,974	338,582	295,384	975,724
Fees and fines	451,887	365,268	379,605	349,481	389,819	415,624	447,611	377,343	467,095	493,947
License and permits	830,749	801,932	872,135	794,272	733,326	901,746	810,617	928,747	938,455	1,030,746
Intergovernmental	11,209,189	8,101,173	12,300,664	16,235,985	31,506,661	6,088,027	5,262,097	5,502,036	4,903,648	5,486,032
Charges for services	1,123,446	1,268,138	1,218,194	1,144,252	1,144,284	1,221,509	1,588,389	1,799,387	1,689,001	3,233,433
Investment earnings	602,725	1,121,437	1,377,540	915,215	240,971	178,949	95,422	58,402	35,355	62,931
Miscellaneous	2,818,225	1,291,600	830,468	499,675	535,604	997,545	723,012	530,813	638,488	726,303
Total revenues	28,438,252	25,351,250	29,810,846	33,680,642	49,607,079	25,904,082	25,932,948	27,770,537	28,388,579	32,353,591
Expenditures										
General government	2,046,449	2,173,914	2,085,409	2,182,970	2,075,721	2,055,395	2,098,161	2,184,584	2,207,715	2,478,487
Police	7,117,548	7,458,059	7,799,254	8,228,342	8,320,110	7,607,999	7,972,936	7,886,426	8,228,719	7,761,398
Fire	2,727,831	2,722,801	2,876,983	3,097,345	3,153,679	3,230,065	3,251,870	3,283,640	3,495,925	3,561,443
Community Development	235,668	293,300	312,098	251,917	220,912	1,075,950	1,092,855	1,096,509	1,215,361	1,297,986
Public Works	4,777,169	7,817,577	11,669,379	15,443,128	29,253,543	5,313,266	4,727,177	4,854,365	7,244,947	7,424,484
Recreation services	1,620,113	1,716,331	1,837,126	1,854,522	1,712,717	1,725,477	1,815,018	1,756,185	1,795,561	3,207,929
Capital outlay	97,627	68,387	330,102	183,858	113,155	73,903	202,064	101,130	48,636	1,128,508
Construction/acquisition cost	310,228	268,690	7,367,951	7,502,583	2,879,275	14,801,527	8,471,460	3,217,198	1,934,877	1,215,892
Debt service:										
Principal	5,805,185	6,159,669	950,000	1,000,000	1,285,000	1,600,000	1,955,000	2,850,000	1,830,000	2,760,000
Interest and other charges	1,027,793	836,723	779,093	1,146,342	1,424,744	1,726,989	1,637,254	1,602,365	1,230,904	1,257,263
Total expenditures	25,765,611	29,515,451	36,007,395	40,891,007	50,438,856	39,210,571	33,223,795	28,832,402	29,232,645	32,093,390
Excess of revenues over (under) expenditures	2,672,641	(4,164,201)	(6,196,549)	(7,210,365)	(831,777)	(13,306,489)	(7,290,847)	(1,061,865)	(844,066)	260,201
Other Financing Sources(Uses)										
Bonds issued	93,689	-	8,955,000	9,995,000	4,550,000	7,855,000	-	5,090,000	3,120,000	-
Premium (Discounts) on debt issued	-	-	(1,910)	(72,303)	(22,339)	146,587	-	20,307	76,365	-
Proceeds from sale of capital assets	-	-	-	-	-	-	-	-	6,804	-
Payments to refunded bond escrow agent	-	-	-	-	-	-	(6,610,000)	(2,705,000)	-	-
Transfers in	2,128,879	3,273,530	16,974,442	13,724,429	6,579,328	11,890,481	2,458,913	5,016,917	5,773,029	3,333,711
Transfers out	(2,615,219)	(2,329,407)	(14,804,812)	(12,992,149)	(6,478,297)	(11,525,341)	(2,296,121)	(5,186,940)	(5,806,099)	(3,227,251)
Total other financing sources(uses)	(392,651)	944,123	11,122,720	10,654,977	4,628,692	8,366,727	(6,447,208)	2,235,284	3,170,099	106,460
Net change in fund balances	\$ 2,279,990	\$ (3,220,078)	\$ 4,926,171	\$ 3,444,612	\$ 3,796,915	\$ (4,939,762)	\$ (13,738,055)	\$ 1,173,419	\$ 2,326,033	\$ 366,661
Debt service as a percentage of noncapital expenditures	26.9%	24.0%	6.1%	6.5%	5.7%	13.7%	14.6%	17.5%	11.2%	13.5%

Schedule 5
City of Richfield
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousand of dollars)

Year Ended December 31	Residential Property	Commercial Property	Industrial Property	Total Taxable Assessed Value	Total Estimated Market Value	Total Direct Tax Rate (1)
2005	2,467,499	461,702	5,605	2,934,806	2,725,528	40.22%
2006	2,630,701	528,289	5,954	3,164,944	2,936,305	40.50%
2007	2,683,917	593,360	5,702	3,282,979	3,166,632	37.01%
2008	2,564,008	632,433	5,779	3,202,220	3,289,409	39.31%
2009	2,387,793	584,442	5,655	2,977,890	3,214,994	44.33%
2010	2,198,407	508,244	4,985	2,711,636	2,990,148	49.79%
2011	1,954,100	497,407	4,913	2,456,420	2,669,488	56.80%
2012	1,816,389	489,491	7,992	2,313,872	2,534,910	62.56%
2013	1,934,597	507,270	7,902	2,449,769	2,672,791	65.67%
2014	1,971,484	548,560	7,859	2,527,903	2,736,099	66.17%

(1) Includes both City and Housing and Redevelopment Authority Rates.

Source: Hennepin County Finance Department

Schedule 6
City of Richfield
Property Tax Rates-Direct and Overlapping Governments
Per \$1,000 of Assessed Value or Tax Capacity
Last Ten Fiscal Years

Fiscal Year	<u>Direct City Rates</u>				<u>Overlapping Rates</u>			Total Direct & Overlapping Rates
	General	Debt	HRA	Total City	School District	Hennepin County	Metropolitan Agencies	
2005	37.51%	1.36%	1.35%	40.22%	20.63%	44.17%	7.38%	112.40%
2006	39.23%	0.00%	1.27%	40.50%	19.20%	41.02%	7.00%	107.72%
2007	35.78%	0.00%	1.23%	37.02%	21.47%	39.11%	7.31%	104.91%
2008	36.05%	1.86%	1.40%	39.31%	21.87%	38.57%	7.39%	107.14%
2009	37.91%	4.62%	1.81%	44.33%	23.08%	40.41%	7.15%	114.98%
2010	41.22%	6.73%	1.83%	49.79%	23.60%	42.64%	8.14%	124.16%
2011	48.60%	6.39%	1.81%	56.80%	26.76%	45.84%	9.17%	138.57%
2012	54.21%	6.59%	1.76%	62.56%	28.89%	48.23%	9.52%	149.21%
2013	56.77%	7.29%	1.60%	65.67%	31.01%	49.46%	10.09%	156.23%
2014	56.79%	7.67%	1.71%	66.17%	34.14%	49.95%	10.58%	160.83%

Source: Hennepin County Assessing Office

Schedule 7
City of Richfield
Principal Property Tax Payers

2014				
Tax payer	Assessed Value/ Tax Capacity	Rank	Percentage of Total City Tax Capacity	
			Value	
Best Buy	\$ 2,369,250	1	7.55%	
Meridian Crossings LLC	1,088,970	2	3.47%	
Crossroads at Penn LLC	370,750	3	1.18%	
Menards, Inc.	364,670	4	1.16%	
CP GAL Richfield LLC	350,890	5	1.12%	
CSM Corporation	307,450	6	0.98%	
Brixmor SPE 1 LLC	302,010	7	0.96%	
Target Corporation	299,310	8	0.95%	
City Bella	292,878	9	0.93%	
Gramercy Park Coop	244,853	10	0.78%	
Total	\$ 5,991,031		19.10%	

2005				
Tax payer	Assessed Value/ Tax Capacity	Rank	Percentage of Total City Tax Capacity	
			Value	
Best Buy	\$ 2,748,390	1	7.96%	
Ohio Teachers Retirement System	845,250	2	2.45%	
Shoppes at Lyndale	691,600	3	2.00%	
Richfield State Agency	662,888	4	1.92%	
Century Court Apartments	537,356	5	1.55%	
Hub Shopping Center	450,350	6	1.30%	
City Bella	394,809	7	1.14%	
Gramercy Co-op	345,069	8	1.00%	
Market Plaza	298,208	9	0.86%	
Village Apartments	264,889	10	0.76%	
Total	\$ 7,238,809		20.94%	

Source: Hennepin County Assessing Office

Schedule 8
City of Richfield
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Net Total Property Tax Levy (1)	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
2005	10,264,357	10,153,220	98.9%	111,137	10,264,357	99.2%	-	0.1%
2006	11,222,250	11,113,317	99.0%	-	11,113,317	99.5%	-	0.0%
2007	11,398,318	11,219,146	98.4%	162,447	11,381,593	99.9%	-	0.0%
2008	12,441,451	12,247,426	98.4%	194,025	12,441,451	100.0%	-	0.0%
2009	13,664,697	13,502,685	98.8%	162,012	13,664,697	100.0%	-	0.0%
2010	14,575,518	14,464,099	99.2%	111,419	14,575,518	100.0%	-	0.0%
2011	16,037,434	15,901,906	99.2%	83,372	15,985,278	99.7%	19,861	0.1%
2012	17,477,266	17,261,829	98.8%	-	17,261,829	98.8%	47,030	0.3%
2013	17,744,951	17,631,536	99.4%	-	17,631,536	99.4%	113,415	0.6%
2014	18,012,303	17,933,454	99.6%	-	17,933,454	99.6%	78,849	0.4%

Notes: (1) Net amount certified to County after credits and adjustments.

Schedule 9
City of Richfield
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Year	Government Activities				Business Type Activities				Total Primary Government	Percentage of Personal Income	Debt Per Capita
	Redevelopment Bonds	Improvement Bonds	Capital Notes	TRLF Loan	Storm Sewer Bonds	Ice Arena Bonds	Water & Sewer Bonds	Water Bonds			
2005	18,495,000	650,000	360,000	1,999,668	435,000	1,385,000	-	-	23,324,668	-	693
2006	14,795,000	550,000	-	-	2,725,000	1,320,000	6,080,000	-	25,470,000	-	770
2007	13,945,000	9,405,000	-	-	2,500,000	1,255,000	6,080,000	-	33,185,000	-	1,002
2008	13,050,000	18,780,000	515,000.00	-	2,435,000	1,185,000	5,875,000	-	41,840,000	-	1,242
2009	12,120,000	22,975,000	515,000	-	2,350,000	1,110,000	5,660,000	-	44,730,000	-	1,321
2010	17,500,000	24,105,000	260,000	-	2,260,000	1,035,000	5,440,000	-	50,600,000	-	1,436
2011	10,205,000	23,095,000	-	-	2,170,000	955,000	5,210,000	1,480,000	43,115,000	-	1,219
2012	8,955,000	23,880,000	-	-	2,075,000	870,000	4,975,000	1,480,000	42,235,000	-	1,174
2013	8,340,000	25,785,000	-	-	4,790,431	780,000	4,730,000	1,428,526	45,853,957	-	1,274
2014	7,685,000	24,460,000	-	-	4,557,831	-	4,475,000	1,368,326	42,546,157	-	1,180

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements

Note: Information on personal income is not available.

Schedule 10
City of Richfield
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Redevelopment Bonds	Less: Amounts Available in Debt Service Fund		Net Total	Percentage of Actual Taxable Value of Property (1)	Per Capita (2)
			Total				
2004	8,051,164	19,165,000	27,216,164	3,359,586	23,856,578	0.88%	692
2005	3,009,668	18,495,000	21,504,668	5,085,604	16,419,064	0.56%	488
2006	550,000	14,795,000	15,345,000	2,649,533	12,695,467	0.40%	384
2007	9,405,000	13,945,000	23,350,000	3,194,219	20,155,781	0.61%	609
2008	19,295,000	13,050,000	32,345,000	3,240,201	29,104,799	0.91%	864
2009	23,490,000	12,120,000	35,610,000	3,860,116	31,749,884	1.07%	938
2010	24,365,000	17,500,000	41,865,000	10,850,982	31,014,018	1.14%	880
2011	23,095,000	10,205,000	33,300,000	2,006,261	31,293,739	1.27%	885
2012	23,880,000	8,955,000	32,835,000	1,525,230	31,309,770	1.35%	870
2013	25,785,000	8,340,000	34,125,000	1,680,344	32,444,656	1.32%	902
2014	24,460,000	7,685,000	32,145,000	2,388,013	29,756,987	1.18%	826

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

(1) Total Taxable Assessed Value can be found in Schedule 5.

(2) Population data can be found in Schedule 14.

Schedule 11
City of Richfield
Direct and Overlapping Governmental Activities Debt
As of December 31, 2013

Jurisdiction	Net Debt Outstanding (1)	Percentage Applicable to City of Richfield (2)	Amount Applicable to City of Richfield
City of Richfield	\$ 32,145,000	100.00%	\$ 32,145,000
Hennepin County	\$ 753,266,880	1.82%	\$ 13,709,457
Independent School District #280, Richfield, MN	19,690,000	69.51%	13,686,519
Hennepin Suburb Park District	52,209,049	2.47%	1,289,564
Hennepin Regional RR Authority	35,200,157	2.47%	869,444
Metropolitan Council	93,953,739	0.93%	873,770
	\$ 954,319,825		\$ 30,428,753
Total	\$ 986,464,825		\$ 62,573,753

Source: Hennepin County Property Tax

Note: (1) Excludes Revenue bonds

(2) The percentage applicable to the City of Richfield was determined by dividing the portion of the tax capacity within the City by the total tax capacity of the taxing jurisdiction.

Schedule 12
City of Richfield
Legal Debt Margin Information
Last Ten Fiscal Years
(in thousand dollars)

Legal Debt Margin Calculation for Fiscal Year 2014

Market Value of taxable property	\$	2,527,904
Debt Limit (3% of market value of taxable property)		75,837
Total debt applicable to debt limit		<u>22,875</u>
Legal debt margin		<u><u>52,962</u></u>

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Debt limit	\$ 58,939	\$ 63,299	\$ 65,660	\$ 96,067	\$ 83,337	\$ 81,349	\$ 73,693	\$ 69,416	\$ 73,493	\$ 75,837
Total debt applicable to limit	360	-	8,105	18,100	22,383	23,167	21,992	22,978	24,151	22,875
Legal debt margin	\$ 58,579	\$ 63,299	\$ 57,555	\$ 77,967	\$ 60,954	\$ 58,182	\$ 51,701	\$ 46,438	\$ 49,342	\$ 52,962

Total net debt applicable to the limit as a percentage of debt limit	0.61%	-	12.34%	18.84%	26.86%	28.48%	29.84%	33.10%	32.86%	30.16%
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Schedule 13
City of Richfield
Revenue Bond Coverage
Last Ten Fiscal Years

Fiscal Year	Gross Revenue	Direct Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirements (2)		
				Principal	Interest	Total
2005	1,566,906 (3)	1,171,276	395,630	265,000	88,363	353,363
2006	7,031,041 (4)	6,555,873	475,168	275,000	233,315	508,315
2007	7,279,005 (4)	6,407,429	871,576	290,000	413,917	702,686
2008	7,302,918 (4)	6,696,608	606,310	340,000	405,516	745,516
2009	7,579,089 (4)	6,448,574	1,130,515	375,000	385,598	760,598
2010	7,967,431 (4)	7,389,315	578,116	385,000	395,350	780,350
2011	8,441,735 (5)	6,727,238	1,714,497	400,000	425,307	825,307
2012	9,026,205 (5)	6,709,992	2,316,213	415,000	427,749	842,749
2013	9,246,037 (5)	7,683,443	1,562,594	490,000	447,541	937,541
2014	8,426,655 (6)	6,532,437	1,894,218	547,800	378,409	926,209
						Coverage
						1.12
						0.93
						1.24
						0.81
						1.49
						0.74
						2.08
						2.75
						1.67
						2.05

Notes: (1) Total operating expenses exclude depreciation

(2) Include principal and interest of revenue bonds only

(3) Storm sewer and Ice Arena bonds

(4) Storm sewer, Ice Arena, Water and Sewer revenue bonds

(5) Storm sewer, Ice Arena, Water and Sewer revenue bonds, and Water revenue bonds

(6) Storm sewer, Water and Sewer revenue bonds, and Water revenue bonds

Schedule 14
City of Richfield
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age	Education Level in Years of Schooling	School Enrollment	Unemployment Rate
2004	34,496					4,143	3.7%
2005	33,667					4,149	3.7%
2006	33,099					4,037	3.8%
2007	33,107					4,057	4.3%
2008	33,676					4,053	6.0%
2009	33,859					3,995	6.7%
2010	35,228					3,980	6.4%
2011	35,376					4,131	5.8%
2012	35,979					4,388	43.0%
2013	36,041					4,405	3.8%
2014	36,041					4,396	3.1%

Sources: Minnesota Department of Employment and Economic Development, Metropolitan Council, and Richfield School District #280.

Note: Information on personal income, median age, and education levels is not available.

Schedule 15
City of Richfield
Principal Employers

2014			
<u>Employer</u>	No. of		Percentage
	<u>Employees</u>	<u>Rank</u>	<u>of Total City Employment</u>
Best Buy Corporate office	4,500	1	22.29%
US Bank	2,400	2	11.89%
Independent School District 280	682	3	3.38%
Target at Cedar Point Commons	394	4	1.95%
Metro Sales Inc.	294	5	1.46%
Menards	207	6	1.03%
City of Richfield	191	7	0.95%
DCM Services	205	8	1.02%
Fraser School	203	9	1.01%
Weis Builders	180	10	0.89%
Total	9,256		45.86%

2005			
	No. of		Percentage
	<u>Employees</u>	<u>Rank</u>	<u>of Total City Employment</u>
	6,230	1	32.37%
	853	2	4.43%
	551	3	2.86%
	366	4	1.90%
	350	5	1.82%
	280	6	1.45%
	150	7	0.78%
	135	8	0.70%
	122	9	0.63%
	120	1	0.62%
Total	9,157		47.57%

Sources: Minnesota State Business Directory, Richfield Chamber of Commerce, and the Minnesota Manufacturers Register.

Note: Employee totals include only employees with full time status.

Schedule 16
City of Richfield
Full-Time Equivalent City Employees by Function/Program
Last Ten Fiscal Years

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government										
Management services	6	6	6	6	4	3	3	3	3	3
Finance	6	6	6	6	5	6	6	7	5	6
City Clerk	11	12	12	9	8	7	7	8	8	9
Assessing	1	1	1	1	1	1	1	1	1	1
Others	12	12	12	10	9	11	10	10	10	11
Public Safety										
Police officers	44	44	44	45	45	46	46	46	46	46
Dispatchers	8	8	8	8	8	7	6	6	7	8
Others	19	19	19	19	12	13	14	14	14	14
Fire										
Fire fighters and officers	26	26	26	26	24	26	26	26	26	26
Community Development										
Planning/Zoning	2	2	2	2	2	2	2	2	2	2
Inspections	4	4	4	7	7	7	7	7	8	8
Others	12	12	12	12	12	10	10	8	8	8
Public Works										
Engineering	5	4	4	4	5	4	4	4	3	3
Street and park maintenance	21	21	21	19	18	23	20	20	20	20
Forester	1	1	1	1	3	4	4	4	4	4
Others	12	12	12	11	8	5	6	5	5	5
Parks and recreation	24	24	23	20	18	18	17	18	18	18
Liquor	26	26	26	24	24	26	27	28	25	26
Water and Wastewater	19	19	19	15	14	18	18	18	18	18
Storm Water	1	1	1	1	1	1	1	1	1	1
Recreation funds	17	18	17	17	16	16	15	15	15	15
Total	277	278	276	263	244	254	250	251	247	252

Full Time Equivalent - includes intermittent, seasonal, and part-time employees adjusted to full time equivalent status.

Source: City Administration Services office

Schedule 17
City of Richfield
Operating Indications by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Police										
Physical arrest	371	486	358	470	493	571	468	451	490	404
Total Offenses Cited	6,708	7,310	7,406	6,672	6,859	6,171	5,536	5,111	6,599	7,284
Fire										
Emergency responses	3,655	3,816	3,812	3,602	3,634	3,773	3,917	4,066	4,096	4,135
Fires extinguished	87	68	94	62	110	117	109	101	90	75
Other public works										
Streets resurfacing (miles)	2.18	1.64	3.77	3.91	3.21	3.68	-	0.50	0.20	-
Potholes repaired (tons of asphalt used)	988.47	368.45	174.26	174.26	475.14	367.72	599.24	441.95	732.00	306.46
Parks and recreation										
Athletic field permit issued	50	50	50	50	87	89	47	54	58	52
Water										
New connections	66	5	5	-	-	-	-	1	2	4
Connections eliminated (Redevelopment)	-	-	-	-	-	-	-	-	-	17
Water main breaks	8	4	14	11	8	13	11	7	13	9
Average daily consumption (million of gallons)	3.41	3.60	3.73	3.35	3.24	3.03	3.09	3.19	3.02	2.90
Peak daily consumption (million of gallons)	8.84	8.61	8.49	7.41	6.75	5.63	5.90	6.81	6.24	6.01
Waste Water										
Average daily sewage treatment (million of gallons)	3.25	3.38	2.83	3.01	2.90	2.72	2.88	3.08	3.13	3.16

Sources: Various city departments

Note: Indicators are not available for the general government function

Schedule 18
City of Richfield
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol office	1	-	-	-	-	-	-	-	-	-
Fire stations	2	2	2	2	2	2	2	2	2	2
Other public works										
Street (miles)	125.32	125.19	125.19	125.19	125.19	125.19	123.43	123.43	123.43	123.43
Highway (miles)	6.64	6.64	6.64	6.64	6.64	6.64	7.17	7.17	7.17	7.17
Street lights	3,133	3,133	3,133	3,183	3,183	3,184	3,183	3,183	3,349	3,349
Traffic signals	51	51	51	50	50	49	49	49	49	49
Parks and recreation										
Acreage	461	461	461	461	461	461	461	461	461	461
Playgrounds	21	21	21	21	21	21	21	21	21	21
Baseball/softball diamonds	21	21	21	21	21	21	21	21	21	21
Soccer/football fields	4	4	4	4	4	4	4	4	4	4
Hockey Rink - indoor	2	2	2	2	2	2	2	2	2	2
Community Center	1	1	1	1	1	1	1	1	1	1
Nature Center	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	121	121	121	121	121	121	121	121	121	121
Fire hydrants	1,035	1,043	1,043	1,043	1,043	1,043	1,044	1,046	1,047	1,048
Storage capacity (millions of gallons)	5	5	5	5	5	5	5	5	5	5
Wastewater										
Sanitary sewers (miles)	119.4	119.4	119.4	119.4	119.4	119.4	119.4	119.4	119.4	119.4
Storm sewers (miles)	59.9	59.9	59.9	59.9	59.9	59.9	59.9	59.9	59.9	59.9

Sources: Various city departments

Note: No capital asset indicators are available for the general government.

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CITY OF RICHFIELD, MINNESOTA
Office of City Manager

May 21, 2015

Council Memorandum No. 36

The Honorable Mayor
and
Members of the City Council

Subject: 2014 Food Safety Awards
(Agenda Item No. 4)

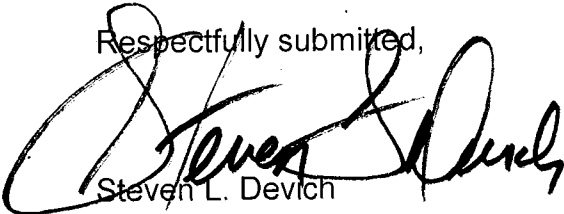
Council Members:

Attached is a summary of the steps and process used in determining the 2014 Richfield Food Safety Award nominees and winners.

The Richfield Advisory Board of Health will be involved in this effort on an annual basis and believes it is important to place a priority on recognizing Richfield restaurants that are doing an excellent job of maintaining a food safety establishment. It is important for these successful establishments to be recognized, and encourages other establishments to strive for the same outcome.

The awards will be presented to the winners at the City Council meeting on May 26, 2015 by Erin Rykken, Chair of the Richfield Advisory Board of Health.

Respectfully submitted,

A large, stylized handwritten signature in black ink, appearing to read "Steven L. Devich".

Steven L. Devich
City Manager

SLD:bao
Attachment
Email: Department Directors
City Manager

Richfield Food Safety Awards – 2014

- Annual awards to acknowledge excellence in food safety and service – Focus on the good work that restaurants do rather than the bad.
- Richfield Advisory Board of Health recommended starting a program in Richfield, similar to the existing award program in Bloomington – Began in 2006.
- The health inspector nominates 3 to 4 candidates in two risk categories based on:
 - Food Collaborative Interviews
 - Inspection results
- Those categories are: full service (or large) restaurant, and fast food/pizza carry out/cafeteria service.
 - A team of interviewers visited each site together to conduct the interviews. These folks are members of the Richfield/Bloomington Food Collaborative and meet regularly with inspection staff and one another to discuss common interest areas.
- Nominees were judged on how they manage risk factors on a daily basis, how the establishment encourages workers to be continually motivated about serving safe food, whether they can list five critical factors that affect food safety, have procedures in place when they receive customer complaints about customers feeling ill after having eaten there, what is the establishment's policy when an employee shows up for work with obvious symptoms of illness, a description of food safety training programs and policies, management's overall commitment to food safety and rating of the physical appearance of the establishment at the time of the interview
 - The results are provided to the Richfield Advisory Board of Health and they present the awards to the winners at a City Council meeting. Nominees will receive certificates via the mail. Photos of the presentation and a short article will be given to the Richfield Sun Current for publicity and positive exposure for the establishments.

2014 Winners are:

Full Service Restaurants:

Cadao Express (Winner) – 6637 Penn Avenue South – Owner: Michal Mai

Davanni's, Inc. (Nominee) – 6345 Penn Avenue South - Manager – Melissa Morrisette

Sandy's Tavern (Nominee) – 6612 Penn Avenue South – Owner – Debra Erickson

Fast Food/Pizza Carry Out/Cafeteria:

Taco Bell (Winner) – 7740 2nd Avenue South, - Manager: Naomi Ransom

DQ Grill and Chill (Nominee) – 2800 W. 66th Street – Director: Debra Hampton

Arby's (Nominee) – 7745 5th Avenue South – Manager: Sean Boyer



AGENDA SECTION:

CONSENT CALENDAR

AGENDA ITEM #

9.A.

STAFF REPORT NO. 79
CITY COUNCIL MEETING
5/26/2015

REPORT PREPARED BY: Jesse Swenson, Asst. HR Manager

DEPARTMENT DIRECTOR REVIEW: Steven L. Devich, Administrative Services Director
5/7/2015

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich
5/6/2015

ITEM FOR COUNCIL CONSIDERATION:

Consideration of the approval of a resolution authorizing the City to affirm the monetary limits on statutory municipality tort liability.

EXECUTIVE SUMMARY:

The City purchases its insurance from the League of Minnesota Cities Insurance Trust (LMCIT). Each year, the City must either affirm or waive its statutory limits of liability by July 1st. After reviewing cost considerations measured against potential risk, the City has, historically, affirmed the liability limits which are \$500,000 for an individual claimant and \$1,500,000 per occurrence. Staff is recommending the same course of action for the current period.

RECOMMENDED ACTION:

By Motion: Adopt a resolution authorizing the City Council to affirm the monetary limits on municipal tort liability established by Minnesota Statutes 466.04.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

A requirement of insurance coverage through the LMCIT is an annual affirmation or waiver of statutory limits of liability.

The current statutory limits of liability for Minnesota cities are \$500,000 for an individual claimant and \$1,500,000 per occurrence. Cities can waive these limits to allow an individual claimant to recover more than \$500,000, up to the \$1,500,000 per occurrence limit, if excess liability insurance is purchased. However, the cost of the excess liability insurance continues to be very expensive. An additional \$1,000,000 of coverage would cost the City approximately \$65,000 annually.

Slightly more than half of the cities in Minnesota do not waive its limits of liability.

B. POLICIES (resolutions, ordinances, regulations, statutes, etc):

- The State Statute establishes liability limits for cities and the current level is \$1,500,000, which appears to be a reasonable limit.
- Historically, the majority of municipalities in Minnesota do not waive the monetary limits on municipality tort liability as was established by Statutes 466.04.
- The Council could waive its statutory limits in future years if a decision was made to do so.

- The Council may also wish to further consider purchasing excess liability in the future. If this is the case it may be purchased at any point in the future.

C. CRITICAL TIMING ISSUES:

- The City's insurance policy with the League of Minnesota Cities Insurance Trust will renew on July 1, 2015. This action must be completed on, or before that time.

D. FINANCIAL IMPACT:

- The City has historically not purchased excess liability coverage because of the cost of such coverage. The annual premium for \$1 million of coverage would be between \$65,000 and \$75,000 if the City decided to waive its liability limits.

E. LEGAL CONSIDERATION:

- The tort liability limits established by Minnesota Statutes have protected cities, historically, and no Minnesota court has ever established a monetary award in excess of the statutory limits against a municipality.
- Each city must annually decide whether the city would voluntarily waive the statute for both the single claims and each occurrence limit.

ALTERNATIVE RECOMMENDATION(S):

- If the Council determines that any single claimant should receive more than the \$500,000 limit, the Council could elect to waive the statutory monetary limits.
- If the Council determines that the \$1,500,000 per occurrence limit is not adequate, the City could purchase excess liability coverage.

PRINCIPAL PARTIES EXPECTED AT MEETING:

None.

ATTACHMENTS:

Description	Type
 Resolution	Resolution Letter

RESOLUTION NO.

**RESOLUTION AFFIRMING MUNICIPAL TORT LIABILITY LIMITS ESTABLISHED BY
MINNESOTA STATUTES 466.04**

WHEREAS, Minnesota Statute 466.04 provides for Municipal tort liability limits for Minnesota cities; and

WHEREAS, the League of Minnesota Cities Insurance Trust has asked that each city review the tort liability limits and determine if the respective city would choose to waive its limits; and

WHEREAS, such decision to affirm or waive the tort liability limits must be filed with the League of Minnesota Cities Insurance Trust at the insurance renewal date.

NOW, THEREFORE, BE IT RESOLVED that the City Manager is directed to report to the League of Minnesota Cities Insurance Trust that the Richfield City Council does not waive the monetary limits on the municipal tort liability established by Minnesota statutes 466.04.

Adopted by the City Council of the City of Richfield, Minnesota this 26th day of May, 2015.

Debbie Goettel, Mayor

ATTEST:

Elizabeth VanHoose, City Clerk



STAFF REPORT NO. 80
CITY COUNCIL MEETING
5/26/2015

REPORT PREPARED BY: Betsy Osborn, Support Services Manager

DEPARTMENT DIRECTOR REVIEW: Jay Henthorne, Public Safety Director
5/15/2015

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich
5/20/2015

ITEM FOR COUNCIL CONSIDERATION:

Consideration of the approval of the setting of a public hearing to be held on June 23, 2015, for the consideration of the issuance of new On Sale Intoxicating Liquor and Sunday licenses for GM Richfield, LLC, d/b/a Four Points by Sheraton Minneapolis Airport located at 7745 Lyndale Avenue South.

EXECUTIVE SUMMARY:

On May 4, 2015, the City received the application materials for new On Sale Intoxicating and Sunday Liquor licenses for GM Richfield, LLC, d/b/a Four Points by Sheraton Minneapolis Airport located at 7745 Lyndale Avenue South. GM Richfield, LLC, recently acquired Four Points from Financial Guidance, Inc.. and is applying for the On Sale Intoxicating Liquor and Sunday licenses. The previous owner, Financial Guidance, Inc., had On Sale Intoxicating and Sunday licenses for Four Points.

All required information and documents have been provided. All licensing fees have been received.

RECOMMENDED ACTION:

By Motion: Approve the setting of a public hearing to be held on June 23, 2015, for the consideration of new On Sale Intoxicating Liquor and Sunday licenses for GM Richfield, LLC, d/b/a Four Points by Sheraton Minneapolis Airport located at 7745 Lyndale Avenue South.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

This information is contained in the Executive Summary.

B. POLICIES (resolutions, ordinances, regulations, statutes, etc):

- City ordinance requires the City Council conduct a public hearing to consider all On Sale Intoxicating Liquor and Sunday license applications and a date be set for the public hearing prior to the hearing.
- The hearing must be scheduled and held before a new license may be considered.
- The new process has been initiated.

C. CRITICAL TIMING ISSUES:

Holding the public hearing on June 23, 2015, will provide ample time to complete the licensing process.

D. FINANCIAL IMPACT:

Licensing fees have been received.

E. **LEGAL CONSIDERATION:**

The required proof of liability insurance has been submitted showing Liberty Mutual affording the coverage.

ALTERNATIVE RECOMMENDATION(S):

- Reject the application for new On Sale Intoxicating Liquor and Sunday licenses for Four Points by Sheraton Minneapolis Airport.
- Schedule the hearing for another date. However, this will delay the licensing process.

PRINCIPAL PARTIES EXPECTED AT MEETING:

There are no parties expected at this meeting.



STAFF REPORT NO. 81
CITY COUNCIL MEETING
5/26/2015

REPORT PREPARED BY: Betsy Osborn, Support Services Manager

DEPARTMENT DIRECTOR REVIEW: Jay Henthorne, Public Safety Director
5/15/2015

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich
5/20/2015

ITEM FOR COUNCIL CONSIDERATION:

Public hearing for the consideration of the issuance of new On Sale Intoxicating Liquor and Sunday licenses for Thompson's Fireside Pizza, Inc., d/b/a Fireside Pizza, located at 6736 Penn Avenue South.

EXECUTIVE SUMMARY:

On April 2, 2015, the City received the application materials for new On Sale Intoxicating and Sunday Liquor licenses for Thompson's Fireside Pizza, Inc., d/b/a Fireside Pizza located at 6736 Penn Avenue South.

Thompson's Fireside Pizza, Inc., is owned by Rich Thompson and has been an established business in Richfield since 1996 and currently holds On-Sale Wine and 3.2 Percent Malt Liquor licenses. Due to a remodeling project of the building structure, owner Rich Thompson is requesting a change from his current license status to On Sale Intoxicating Liquor and Sunday licenses.

A Public Safety background investigation was completed November 6, 2014, for the renewal of their currently held Wine and 3.2 Percent Malt Liquor licenses. The Public Safety Director reviewed the renewal background investigation report and determined an additional Public Safety background was not needed for the applications of new On Sale Intoxicating Liquor and Sunday licenses at this time.

All required information and documents have been received. A pro-rated fee for the duration of six months has been received.

RECOMMENDED ACTION:

By Motion: Approve the issuance of new On Sale Intoxicating Liquor and Sunday licenses for Thompson's Fireside Pizza, Inc., d/b/a Fireside Pizza, located at 6736 Penn Avenue South.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

The on premise manager is Kim Zeigler. A criminal history background check was conducted and shows he is clear of any criminal records/convictions.

The applicant has satisfied the following requirements for issuance of licenses:

- The required license fees have been paid.
- Real estate taxes are current.
- Proof of commercial and liquor liability insurance have been received showing West Bend Mutual as affording coverage.

There are no distance requirements to notify neighbors of the issuance of On Sale Intoxicating Liquor and Sunday licenses.

The Notice of Public Hearing was published in the Richfield Sun Current on May 14, 2015.

B. **POLICIES (resolutions, ordinances, regulations, statutes, etc):**

Richfield City Code Section 1202 requires owners of On Sale Intoxicating and Sunday Liquor license establishments to comply with all the provisions of both City Code and State Statutes.

C. **CRITICAL TIMING ISSUES:**

Holding the public hearing on May 26, 2015, will provide ample time to complete the licensing process.

D. **FINANCIAL IMPACT:**

Licensing fees have been received.

E. **LEGAL CONSIDERATION:**

- The requirements of Resolution No. 9511 must be met, which outlines the discipline they can expect if any on-going problems occur. A copy of this resolution has been given to the owners of the establishment.

ALTERNATIVE RECOMMENDATION(S):

- The Council could decide to deny the requested licenses, which would mean the current applicants would not be able to serve On-Sale Intoxicating Liquor, however, Public Safety has found no basis to deny the license.
- Schedule the hearing for another date. However, this will delay the licensing process.

PRINCIPAL PARTIES EXPECTED AT MEETING:

Rich Thompson - Owner, Kim Zeigler - On Premise Manager



STAFF REPORT NO. 82
CITY COUNCIL MEETING
5/26/2015

REPORT PREPARED BY: Karen Barton, Community Development Assistant Director

DEPARTMENT DIRECTOR REVIEW: John Stark, Community Development Director
5/19/2015

OTHER DEPARTMENT REVIEW: None

CITY MANAGER REVIEW: Steven L. Devich
5/20/2015

ITEM FOR COUNCIL CONSIDERATION:

Consideration of a resolution regarding a request for a six-month extension of land use approvals granted for 6330, 6400 and 6440 Lyndale Avenue (Lyndale Gardens).

EXECUTIVE SUMMARY:

On March 26, 2013, the City Council approved the development plans for the Lyndale Gardens project located at 6400 Lyndale Avenue. Approved plans called for a development that would include a 151-unit apartment building; 9,000 square feet of retail space; 2,600 square feet of restaurant space; and outdoor activity areas that would coordinate with the construction of the Lakewinds Food Co-op. City approvals expire after one year unless construction has begun and substantial work has been completed.

On December 10, 2013 the City Council approved an amendment to the proposed project that would allow up to 7,000 square feet of restaurant space in the development. This approval extended the permit expiration deadline to December 10, 2014.

Subsequently, on October 14, 2014 the Cornerstone Group (Developer) requested and was granted a six-month extension of the land-use approvals, with an additional six-month extension contingent upon substantial completion of the construction of the quasi-public improvements and securing full project funding by June 10, 2015. The Developer is unable to meet the requirements which would allow staff to authorize the additional six-month extension, and is therefore requesting the City Council approve a 6-month extension of the the land-use approvals at this time. Staff is recommending that if such an extension is approved, that "substantial completion" shall be defined as "receiving issuance of one or more building permits... valued at a total of \$10,000,000 or more" on or before the expiration date of December 10, 2015.

A representative from the Cornerstone Group will be present at the meeting to request the land use approvals extension.

RECOMMENDED ACTION:

Approve or deny a six-month extension of Final Development Plans and the associated Conditional Use Permit for the Lyndale Gardens Planned Unit Development at 6330, 6400 and 6440 Lyndale Avenue.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- The Developer received approval in May of 2014 from the Richfield City Council and the Metropolitan Council to begin construction of the grant-related quasi-public improvements.

- Difficulties in securing financing for the project as proposed has led to the delay in beginning project construction.
- The Developer will also be requesting an amendment to the Metropolitan Council Livable Communities Demonstration Account Transportation Oriented Development grant associated with the Lyndale Gardens project.

B. POLICIES (resolutions, ordinances, regulations, statutes, etc):

- The term of City approvals is one year. If a project for which approvals have been granted is not substantially underway within one year, the applicant must request an extension from the City Council.
- The City Council may grant an extension of up to one year; no additional extensions may be granted.

C. CRITICAL TIMING ISSUES:

- The Developer was granted an extension to their land-use approvals by the City Council on October 14, 2014. The land-use approvals are scheduled to expire on June 10, 2015 if substantial completion of the quasi-public improvements and project financing have not occurred.
- 60-DAY RULE: The 60-day clock 'started' when a complete application was received on May 19, 2015. A decision is required by July 19, 2015 OR the Council must notify the applicant that it is extending the deadline (up to a maximum number of 60 additional days or 120 days total) for issuing a decision.
- If the requested six-month land use approvals extension is granted, the land use approvals would expire on December 10, 2015.
- If substantial construction work on the proposed buildings is underway by December 10, 2015, the approvals will remain valid.
- No additional extensions of the land use approvals may be granted after December 10, 2015.

D. FINANCIAL IMPACT:

- The required processing fee has been paid.

E. LEGAL CONSIDERATION:

None

ALTERNATIVE RECOMMENDATION(S):

- Deny an extension of the approved land use approvals. The applicant will have to begin the land use approval process anew.

PRINCIPAL PARTIES EXPECTED AT MEETING:

Beth Pfeiffer, The Cornerstone Group Colleen Carey, Cornerstone Group (developer)

ATTACHMENTS:

Description	Type
☐ Resolution	Resolution Letter

RESOLUTION NO.

**RESOLUTION GRANTING EXTENSION OF LAND USE APPROVALS AT 6330, 6400
AND 6440 LYNDALE AVENUE**

WHEREAS, by Resolution No. 10780, adopted on March 26, 2013, the City Council approved a final development plan and conditional use permit for a planned unit development at 6330, 6400 and 6440 Lyndale Avenue; and

WHEREAS, by Resolution No. 10871, adopted on December 10, 2013, the City Council approved an amendment to the final development plan and conditional use permit for a planned unit development at 6330, 6400 and 6440 Lyndale Avenue; and

WHEREAS, by Resolution No. 10986, adopted on October 14, 2014, the City Council approved a six-month extension of the final development plan and conditional use permit for a planned unit development at 6330, 6400 and 6440 Lyndale Avenue; and

WHEREAS, Subsections 547.09, Subdivision 9 of the Richfield City Code requires that substantial construction be completed within one year of approval, less the approval expire or the applicant request and is granted an extension; and

WHEREAS, THE City staff has received a request from The Cornerstone Group (the "Applicant") for a six-month extension; and

WHEREAS, the City Council wishes to provide the additional time requested.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Richfield, as follows:

1. The City Council extends the approvals granted by Resolution Nos. 10780, 10871, and 10986 for six months (December 10, 2015).

Adopted by the City Council of the City of Richfield, Minnesota this 26th day of May, 2015.

Debbie Goettel, Mayor

ATTEST:

Elizabeth VanHoose, City Clerk



AGENDA SECTION:

OTHER BUSINESS

AGENDA ITEM #

13.

STAFF REPORT NO. 83
CITY COUNCIL MEETING
5/26/2015

REPORT PREPARED BY: Karen Barton, Community Development Assistant Director

DEPARTMENT DIRECTOR REVIEW: John Stark, Community Development Director
5/19/2015

OTHER DEPARTMENT REVIEW: None

CITY MANAGER REVIEW: Steven L. Devich
5/21/2015

ITEM FOR COUNCIL CONSIDERATION:

Consideration of a Metropolitan Council Livable Communities Transportation Oriented Development Grant amendment request relating to the Lyndale Gardens project.

EXECUTIVE SUMMARY:

This request is contingent upon approval of the previous agenda item: Consideration of a resolution regarding a request for a six-month extension of land use approvals granted for 6330, 6400 and 6440 Lyndale Avenue (Lyndale Gardens). If the land-use approvals extension is not granted, no action will be necessary on this item.

The Cornerstone Group (developer) is requesting an amendment to the Metropolitan Council's Livable Communities Development Transportation Oriented Development Program grant relating to the Lyndale Gardens project, 6400 Lyndale Avenue South. Since the grant was awarded to the City, the City would have to make the formal request to the Metropolitan Council.

On April 25, 2012 the City of Richfield was awarded a \$1,500,000 Livable Communities Demonstration Account (LCDA) Transit Oriented Development (TOD) Program grant from the Metropolitan Council for quasi-public improvements on the Lyndale Gardens property (6400 Lyndale Avenue).

Grant-funded activities include: Site acquisition, holding costs, trail connections, bridge connection, amphitheater, water feature, outdoor gas fireplace and plaza.

The grant funds are intended to reimburse the developer for the costs to construct the above-mentioned quasi-public improvements and are based on a finished project that will include a co-op grocer, retail, restaurant(s), and 120 units of multi-family housing, of which 20% of the units are to be affordable.

The Cornerstone Group is requesting that the City and Metropolitan Council re-evaluate Cornerstone's original proposal to allow for a 100% market-rate multi-family housing project; removing the requirement to include 20% affordable units in the project.

The developer will be presenting their request to the City Council at the May 26, 2015 regular City Council meeting.

RECOMMENDED ACTION:

By Motion: Approve or deny the request for an amendment to the Metropolitan Council Livable Communities Development Transportation Oriented Development Program grant.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- The City of Richfield was awarded the Met Council LCDA TOD grant April 25, 2012.
- The Metropolitan Council approved an amendment to the grant agreement on August 13, 2014 to allow for budget reallocation amongst the approved grant activities.
- On September 23, 2014 the Metropolitan Council approved a revised phasing plan for construction and a 24-month extension to complete the grant-funded activities.
- The grant is scheduled to expire on April 30, 2017.
- \$425,014.16 of the grant has been expended to date for acquisition, holding costs, and site design.
- The Metropolitan Council has previously provided assurances that they would not require repayment of the grant should the project fail to be fully completed.

B. POLICIES (resolutions, ordinances, regulations, statutes, etc):

- It is City policy to seek outside funding to facilitate and enhance projects, as practicable.

C. CRITICAL TIMING ISSUES:

- The developer is refraining from letting the contracts for the quasi-public improvements pending approval of the requested grant amendment.
- The grant is scheduled to expire on April 30, 2017.

D. FINANCIAL IMPACT:

- The grant award is \$1,500,000.00
- \$425,014.16 of the grant has been expended to date.
- The Metropolitan Council has previously provided assurances that they would not require repayment of the grant should the project fail to be fully completed.

E. LEGAL CONSIDERATION:

None.

ALTERNATIVE RECOMMENDATION(S):

None.

PRINCIPAL PARTIES EXPECTED AT MEETING:

Beth Pfeiffer, Cornerstone Group (Developers) Colleen Carey, Cornerstone Group (Developer)

ATTACHMENTS:

Description	Type
❏ Cornerstone Grant Amendment Request	Cover Memo

Karen Barton

From: Beth Pfeifer <bpfeifer@tcgmh.com>
Sent: Monday, April 13, 2015 2:56 PM
To: Karen Barton
Cc: Colleen Carey
Subject: Update on MetCouncil Analysis/ Our request

Follow Up Flag: Follow up
Flag Status: Flagged

Categories: Priority

Hi Karen,

Thank you very much for meeting with us and MetCouncil last week. We reviewed the options that we discussed and wanted to provide the following update/request:

We feel strongly that the best course of action for the project is to continue making forward progress with the investor we have on hand. That means a 152 unit all market rate building.

In evaluating this we looked at:

1. Providing a percentage of the 152 units at 80% AMI: The project returns would not support this nor would it be supported by the investor.
2. Adding additional units along Lyndale and providing a percentage of those at 80% AMI: This would require project redesign, potential re-platting, re-looking at the PUD and still would likely not be supported by the Investor. We feel there are too many variables to proposing this solution, including whether or not there is sufficient market demand, which will only delay the project further and may ultimately still not be viable. IN addition, the number of 80% units supported is minimal and would not be supported by the investor.
3. Moving forward with a market rate project and not building the public improvements if the grant is taken back by MetCouncil: The public improvements at this location are one of the strongest attractions to private investors in this submarket and for this site. Not building the public improvements may temper their interest in moving forward with the project.

Therefore, our request to the City and MetCouncil is that they (MetCouncil) re-evaluate our original proposal as a 100% market rate project with a goal of maintaining a high enough score to amend the grant in order to remove the affordability requirement while maintaining the entire grant amount.

We believe Lyndale Gardens has the ability to exemplify the ideas of a Livable Community as envisioned with Richfield citizens, policy leaders, and staff in the original visioning sessions that shaped the project. We remain committed to providing private land for public use, opening up access to a hidden asset in the community (Richfield Lake) and providing opportunities for gathering, festivals, arts, programming, and education which all serve to create a healthy community. This is a space for the entire community to gather, not just those who are residents of the site.

Thank you for your consideration. Please let me know any additional information you would like from us to make this request.

Beth Pfeifer, LEED AP
Director of Development
The Cornerstone Group

Please Note New Phone Number:
612-746-0660

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Bloomington, MN 55438-1695
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